



ICTSI



Headquartered and established in 1988 in Manila, Philippines, International Container Terminal Services, Inc. (ICTSI) is in the business of port development, management and operations. As an independent business with no shipping, logistics or consignee-related interests, ICTSI works and transacts transparently with any stakeholder in the port community. ICTSI's portfolio of terminals and projects spans developed and emerging market economies in the Asia Pacific, the Americas, and Europe, the Middle East and Africa. ICTSI has received global acclaim for its public-private partnerships with governments divesting of their port assets to the private sector.

ICTSI SUSTAINABILITY REPORT 2017

ICTSI GLOBAL OPERATIONS (2017)



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CHAIRMAN'S MESSAGE



It all started 30 years ago at the Manila International Container Terminal (MICT), ICTSI's flagship operations. In June 1988, ICTSI took over the MICT and transformed the outdated facility into the Philippines' leading international trading gateway. This inaugural Sustainability Report captures sustainability initiatives in MICT and highlights ongoing efforts across the ICTSI Group.

The Unchanging Value of the Long View

It is my duty and my pleasure to present to you the International Container Terminal Services, Inc. (ICTSI) 2017 Sustainability Report. Our inaugural edition comes at a uniquely opportune time: we are on the cusp of marking ICTSI's 30th anniversary come June 2018, while already working towards our strategic vision for the decades to come.

We began as one of Asia's earliest port privatization success stories: in a concession partnership with the Philippine Ports Authority (PPA), serving as the developer, manager, and operator of the Manila International Container Terminal (MICT). We helped drive MICT's port capacity from 330,000 TEU in 1989 to today's 3-million TEU, advancing it into the world's Top 40 container ports.

Today, ICTSI is an international developer, manager, and operator of common user container terminals. We are one of Lloyd's List Top 10 Box Operators in 2017 worldwide.



The Philippine Stock Exchange and port operator International Container Terminal Services, Inc. jointly led a special bell ringing ceremony to celebrate the Company's 25th listing anniversary last 23 March 2017.

BEYOND SURVIVING: THRIVING IN AN ENVIRONMENT OF INCREASED ACCOUNTABILITY AND INTERDEPENDENCE

The third millennium ushered a massive scale of challenges and vulnerabilities, including disparities that persist between and within nations, and the undeniable realities of climate change. Today's volatility has the capacity to send shockwaves across economies; the largest ones took years to return to pre-2008-crisis performance levels.

Yet there is breathtaking potential in this interlinked world: to hope and work together; to be more accountable, and to learn from mistakes; to innovate, and to bring about development. Development worth pursuing requires more complex planning and effort to achieve, but benefits people across social strata, across borders, and across generations.

From day one of our corporate life, we have put a premium on old-fashioned values of prudence, discipline, and stewardship. Our sustainability reporting commitment is part of our transition: from the simpler embedded-in-practice approach of stewardship, to formal organizational codes and mechanisms that we can eventually replicate globally.

As we review our social, environmental, and economic impact for 2017, several perspectives emerge.

- **Few assets are as valuable as an uncompromising stand on good corporate governance.**

Today, our sector has multiple layers and frameworks to work with: policies set by local government units; our business commitments and contractual obligations to partner-governments; operational standards and transnational programs set by trade bodies and

organizations. In all of these, our commitment to comply with laws and regulations put in place by the governments where we operate is unwavering.

- **Our market trajectory continues to be the most viable, and the most beneficial to our partner nations, and to the interest of equitable development.**

Our home markets remain strong: the Philippines is still among the leaders in Asia Pacific in terms of growth, and the Asia Pacific region still leads the pack globally.

We stay focused on container terminal facilities with total annual throughput in the 50,000-3,000,000 TEU range, prioritizing emerging markets and selected mature ones. In this niche, we confidently offer our partner-governments our track record, skill sets, and expertise in developing high-performing ports.

To governments that are committed to establishing infrastructure necessary for equitable development, we offer the financial sophistication and muscle that address port project funding gaps.

- **Investments in technology—and in continuing dialogue with our stakeholders—will continue to play an ever more crucial role in greener logistics all across the container flow.**

The widespread reform built around the Terminal Appointment Booking System (TABS) helped us avert another port congestion crisis, transformed the cargo movement into a viable 24/7 proposition (with a novel schedule-incentivize-penalize scheme), and "create" added capacity only through system (and not physical resource) utilization—a good two years before we embarked on our Berth 7/expansion commitment to the PPA.

- **It may take much more work to make them work, but viable ports and livable cities can mix.**

We are finding ways to more seamlessly integrate large-scale logistics operations in urban hubs.

For new developments, we are investing in more sustainable designs for new developments, such as the installment of high-efficiency plasma lighting that enable us to provide safe working environments, reduce our carbon footprint as well as maintenance costs, while minimizing obtrusive lighting to surrounding communities. For existing ports, we are constantly exploring the redesign and increased "greening" of systems and facilities.

- **Upholding employees' and customers' interests requires rigorous thinking and rethinking.**

Our continued focus on HSSE is evident in our Global Health, Safety, Security and Environment (HSSE) Program. This aims to enhance the operational performance of all ICTSI terminals with a more thoroughly integrated HSSE Program, and by facilitating sharing of best practices to continually minimize accidents.

For ICTSI customers—mainly shipping lines and cargo owners—the effort continues to increase operational efficiencies, transactional transparency, and ubiquity of data access. As the digital economy continues to boom, we will continue to prioritize just-in-time shipping, seamless and agile logistics, security, and real-time data monitoring and tracking.

For our partner-governments, we continue to prioritize their respective national development blueprints, particularly where port infrastructure is a pillar.

- **Then and now, it is important to couple (a) business-driven economic growth from business-supported social and human development, and (b) sustainability and CSR.**

We took part in a pioneering arrangement at our two new Papua New Guinea ports. Under the landmark concessions for the Motukea and Lae ports, ICTSI entered into inclusive agreements with the host communities, making them minority part owners of our PNG subsidiaries.

In the light of climate change and disaster risks, we are also investing in more sustainable communities: that is, resilient communities, with sectors working together on disaster preparedness. ICTSI, along with other leading corporates, is helping drive the transition from Disaster Response to Disaster Preparedness, with our support for the Philippine Disaster Resiliency Foundation.

The imperative course: expanding good global citizenship

ICTSI has solidly established its capability to deliver mega port projects. Reporting on our sustainability initiatives—an invaluable exercise which serves as our compass and ballast—enables us to evaluate our performance more accurately in terms of targets in social, environmental, and economic impact. It informs us as we recalibrate our efforts to address imbalances.

Our underpinning principle at ICTSI—Good Global Citizenship—guides our relationships and actions. We are committed to principled Corporate Stewardship of our people, customers, corporate resources, and the environment. We are committed to substantive Development Partnerships, where we empower communities and sectors.

Our long-term and overarching vision remains fixed: ensuring that the broadening impact of genuine Good Global Citizenship is squarely apace with our expanding corporate footprint.



Enrique K. Razon Jr.
Chairman and President

SUSTAINABILITY CONTEXT



A greener Manila International Container Terminal

COMPANY OVERVIEW

The Company is a privately-held corporation with principal offices at ICTSI Administration Building, Manila International Container Terminal, South Access Road, Port of Manila, Manila, Philippines.

Incorporated in December 1987, ICTSI has been publicly listed in the Philippine Stock Exchange since March 1992.



With established operations in 21 countries, ICTSI is the largest multinational and transnational Philippine company in terms of global reach to date.

VISION & VALUES

THE VISION IS TO CONTINUOUSLY BUILD LONG-TERM SHAREHOLDER VALUE.

DILIGENCE

We work hard at our tasks, believing in performing dutifully, and in committing to first-rate work. Beyond duty, we are willing to go the extra mile. Our company has no room for mediocrity. Focused, punctual and dedicated are a few indisputable attributes ICTSI employees possess.

COMPASSION

We care; we respect. We support each other to ensure that ICTSI remains viable, and that relations with stakeholders of the port community are stable. We work to sustain our families, pay our dues, or help a relative or a neighbor in need. We value – and strive to promote – workplace harmony, recognizing the vital role that interdependence has played in ICTSI's ceaseless effort to achieve excellence.

ACCOUNTABILITY

We value our work and take responsibility for our actions. We also carry a positive attitude, believing that by working with optimism and self-fulfillment, we produce positive results for the Company and for ourselves. ICTSI management and employees give worth to being employed.

GROWTH

Our purpose in doing our work is to grow: grow as individuals, expand as a business, and progress as a global organization. More than sustaining lives, we work because of self-worth and dignity. As we further improve ourselves personally and professionally, we believe that the stability and continuous growth of ICTSI follows.

BUSINESS PROFILE

The Group operates principally in one industry segment which is cargo handling and related services.

ICTSI's core business includes the operation, management, development, and acquisition of common-user container terminals, focusing on facilities with total annual throughputs ranging from 50,000 TEUs to 3,000,000 TEUs. The primary mechanism for the operation of these terminals is long-term concession agreements with local port authorities and governments through ICTSI and its subsidiaries.

ICTSI owns or operates terminals/ports across three geographic regions namely: Asia, the Americas, and Europe-Middle East-Africa (EMEA). A map of ICTSI's global portfolio of container terminals and port projects is found at the table of contents of this report.

Business Distinctive

ICTSI ports serve as the primary transit points between the shipping (the maritime or waterside part of the supply chain) and freight transport (towards the hinterland, the landside of the supply chain) sectors.

As an independent business with no shipping, logistics, or consignee-related interests, ICTSI works and transacts transparently with any stakeholder in the port community.

Services, Customers, & Supply Chain

ICTSI caters to the following commercial customers and port users: shipping lines; cargo owners/shippers; and landside/hinterland logistics players such as independent brokers, along with freight forwarders, especially trucking companies and the truck drivers; and government agencies such as the Philippines' Bureau of Customs, and industry associations (such as trucking associations) with satellite offices or operations within the port premises. [Shown here on the right side are some of the more common port services offered by ICTSI. A detailed list of services per category, including on-vessel and off-vessel services, may be found in the ICTSI 2017 Annual Report (SEC Form 17-A).]

ICTSI's own supply chain covers a broad range of suppliers. These include suppliers of products and services that are required during the port infrastructure development/redevelopment process, or continually required throughout ICTSI's day-to-day port management and operations.

These include, but are not limited to the construction sector; banking/capital markets; legal services, and special services such as audit/consultancy; cargo handling and container yard equipment and vehicle/fleet suppliers; data processing/ICT suppliers (hardware, software/systems, consultancies); banking and insurance (for both human resources and capital assets); preneed/health/medical for employees; power supply and other

utilities (e.g. Meralco); and, safety and security, cleaning, and housekeeping.

In 2015, ICTSI opened its premier shared services company (SSC), ICTSI Asia Pacific Business Services, Inc. (APBS). APBS was established to deliver business process outsourcing and other related services to the subsidiaries and affiliates of the ICTSI Group in the Asia-Pacific Region, as well as other clients worldwide. APBS operates as a separate support organization to provide cost-efficient services to ICTSI's business units, while streamlining business processes, enabling best practices, creating operational efficiencies, and delivering a superior customer experience.

In the selection and accreditation of suppliers, ICTSI adheres to international standards such as the International Organization for Standardization and the International Maritime Organization, as well as local standards and policies set by the Department of Trade and Industry.



ICTSI 2017 FAST FACTS



REVENUES FROM PORT OPERATIONS
(GROSS OF PORT AUTHORITIES' SHARE)

USD 1,244,438,207

TOTAL CARGO HANDLED
(ICTSI GLOBAL)

9,153,458 TEUs

TOTAL CAPITALIZATION

DEBT

USD 1,493,604,978

EQUITY

USD 1,872,567,958

OVERVIEW OF 2017 PORTFOLIO

Existing operations	Greenfield projects	New projects secured
<ul style="list-style-type: none"> ■ Manila International Container Terminal, Philippines ■ New Container Terminal 1, Subic Bay Freeport, Philippines ■ New Container Terminal 2, Subic Bay Freeport, Philippines ■ Laguna Gateway Inland Container Terminal, Laguna, Philippines ■ Bauan International Port, Batangas, Philippines ■ Sasa Wharf, Davao City, Philippines ■ Makar Wharf, Gen. Santos City, Philippines ■ Mindanao Container Terminal, Misamis Oriental, Philippines ■ Hijo International Port, Tagum City, Philippines ■ Makassar Container Terminal, South Sulawesi, Indonesia ■ PT OJA - Tanjung Priok, Jakarta, Indonesia ■ Pakistan International Container Terminal, Karachi, Pakistan ■ Yantai International Container Terminal, Shandong, China ■ Contecon Manzanillo, Colima, Mexico ■ Contecon Guayaquil, Guayas, Ecuador ■ Tecon Suape, Pernambuco, Brazil ■ Tecplata, Buenos Aires, Argentina ■ Baltic Container Terminal, Gdynia, Poland ■ Batumi International Container Terminal, Adjara, Georgia ■ Adriatic Gate Container Terminal, Rijeka, Croatia ■ Madagascar International Container Terminal, Toamasina, Madagascar 	<ul style="list-style-type: none"> ■ Cavite Gateway Terminal, Philippines ■ Basra Gateway Terminal, Umm Qasr, Iraq ■ Puerto Cortes - Pier 6, Honduras ■ Victoria International Container Terminal, Melbourne, Australia ■ Matadi Gateway Terminal, Kongo Central, DR Congo ■ Puerto Aguadulce, Buenaventura, Colombia ■ Tuxpan Maritime Terminal, Veracruz, Mexico 	<ul style="list-style-type: none"> ■ South Pacific International Container Terminal, Papua New Guinea ■ Motukea International Terminal, Papua New Guinea ■ Manila North Harbor Terminal (North Port), Philippines

PARTICIPATION IN EXTERNAL INITIATIVES

Participation & Memberships

Global Reporting Initiative (GRI)	The company has adopted the GRI standards in 2017 to enable it to report on its various sustainability initiatives.
International Maritime Organization (IMO) – The International Ship and Port Facility Security Code (ISPS Code)	ICTSI ports that are operational (as of yearend 2017) are ISPS Code Compliant. The full listing is provided in the People section of this report.
International Convention for the Safety of Life at Sea (SOLAS Convention) - Amendment on Verified Gross Mass Requirement	ICTSI provides weighing facilities.
International Organization for Standardization (ISO)	ICTSI ports that are operational (as of yearend 2017) are certified compliant with at least one type of ISO standard. Please refer to the following sections for listings of ports with the relevant certifications stated: <ul style="list-style-type: none"> ■ Governance: Quality Management System ■ Environment: Environmental Management System, Energy Management System ■ People: Occupational Health and Safety Management, Food Safety Management System, Supply Chain Security Management System
US Department of Energy - National Nuclear Security Administration Megaports Initiative	Post-9/11 terror attacks, ICTSI's flagship MICT was provided with radiation portal monitors, handheld detection devices, optical character recognition technology, communication equipment, and training and technical support in the detection of weapons of mass destruction.
World Economic Forum	ICTSI President and CEO Enrique K. Razon Jr. is a member of the World Economic Forum.
ASEAN Business Advisory Council	ICTSI is a member of the ASEAN Business Advisory Council – Philippines chapter. ICTSI President and CEO Enrique K. Razon Jr. is a member of the ASEAN Business Club.
Business Alliance for Secure Commerce (BASC)	ICTSI (Americas operations) subsidiary CGSA (Ecuador) is a member. ICTSI subsidiary CGSA (Ecuador) is BASC certified.
Federation of European Private Port Companies and Terminals (FEPORT)	ICTSI (Europe-Middle East-Africa operations) subsidiaries BCT (Poland) and AGCT (Croatia) are member-ports.

MEMBERSHIPS



European Chamber of
Commerce and Industry (ECCP)



Philippine Chamber of
Commerce and Industry
(PCCI)



Philippine Institute for Supply
Management (PISM)



ACEL (Association of Carriers and
Equipment Lessors, Inc.)



Philippine Business for Social
Progress



Philippine Disaster Resilience
Foundation (PDRF)



Batumi International Container Terminal (BICT)

Governance Overview

ICTSI and its Board of Directors, officers and employees are committed to sound, prudent, and effective overall management, effective risk management, provision of efficient management information systems, providing access to reliable financial and operational information, cost-effective and profitable business operations, and compliance with laws, rules, regulations, and contracts.

GOVERNANCE STRUCTURE

Enrique K. Razon Jr. CHAIRMAN OF THE BOARD

BOARD OF DIRECTORS

Enrique K. Razon Jr.
Jon Ramon M. Aboitiz
Jose C. Ibazeta
Stephen A. Paradies
Andres Soriano III
Octavio Victor R. Espiritu*
Joseph R. Higdon*

BOARD COMMITTEES

Audit Committee	Chairman	Octavio Victor R. Espiritu
	Members	Jon Ramon M. Aboitiz Stephen A. Paradies
Board Risk Oversight Committee	Chairman	Stephen A. Paradies
	Members	Octavio Victor R. Espiritu Jon Ramon M. Aboitiz
Corporate Governance Committee	Chairman	Joseph R. Higdon
	Members	Stephen A. Paradies Andres Soriano III
Nomination Sub-committee	Chairman	Stephen A. Paradies
	Members	Jose C. Ibazeta Octavio Victor R. Espiritu
Remuneration Sub-committee	Chairman	Andres Soriano III
	Members	Stephen A. Paradies Octavio Victor R. Espiritu
Related Party Transactions Committee	Chairman	Jon Ramon M. Aboitiz
	Members	Octavio Victor R. Espiritu Stephen A. Paradies

*Independent director

Approach to Risk Management in Operational Planning

ICTSI and all its subsidiaries (ICTSI Group) identify and manage its risks to support the Company's vision, mission, goals and objectives as set out in the respective subsidiary's strategic plans. The ICTSI Group recognizes that risks cannot be eliminated, rather, it will ensure that existing and emerging risks are identified and managed within acceptable risk tolerances.

The ICTSI Board of Directors is committed to establishing an organization that ensures risk management is an integral part of all activities and a core capability. The executive management of ICTSI fully supports the implementation of the Risk Management (RM) Policy approved by the ICTSI Board of Directors and is responsible for the development of RM processes and the implementation of risk reduction strategies.

For full details on governance, please refer to the ICTSI 2017 Annual Corporate Governance Report.

ABOUT THIS REPORT



Employees of Madagascar International Container Terminal Services Ltd. at the Port of Toamasina

Coverage and Boundaries

This document represents the inaugural edition of Sustainability Reporting for ICTSI.

The coverage of the report is the calendar year 2017. Where necessary to provide historical or additional background about a program, project, activity, or development that may have begun prior to 2017, other years may be cited within that context. Henceforth, the ICTSI Sustainability Report is to be prepared and disseminated on an annual basis, using the calendar year as reporting period.

This being an inaugural report, unless otherwise specified, information on the Company's compliance with GRI Topic-Specific Standards and Topic-Specific Disclosures are based on the operations of the ICTSI Group's flagship terminal, the Manila International Container Terminal (MICT) in the Philippines.



Baltic Container Terminal, Poland

Standards and Materiality

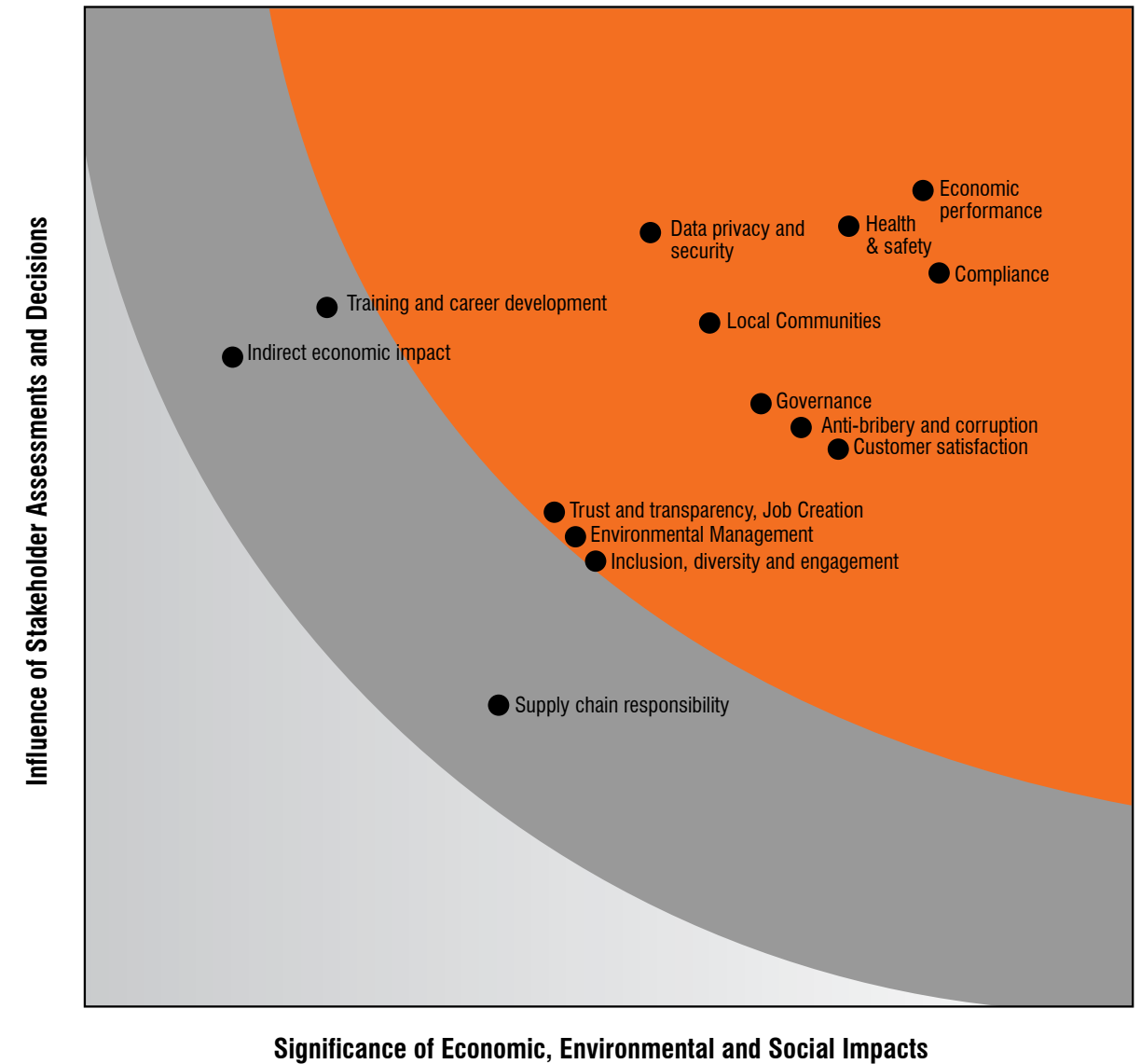
This report has been prepared in accordance with the GRI Standards: Core option.

As a multinational enterprise with a core business of ports development, ICTSI's operations have direct impact on a broad range of sectors and geographical locations.

In line with the boundaries set for this inaugural reporting effort, the process of determining material sustainability issues and weighing and ranking them according to significance was carried out primarily at the MICT (Philippines) operation.

A preliminary identification of significant sustainability issues affecting the Company and the industry was made through a desktop research consisting of media and peer analysis, as well as stakeholder interviews and analysis.

Once the preliminary list of sustainability issues was determined, a workshop was held with the various internal stakeholders to be able to assess the materiality of each issue using a tailored scoring matrix that assessed the issues across two dimensions: ICTSI Impact and Stakeholder Interest.





As a leading global port developer with operations across Asia Pacific, the Americas, Europe, the Middle East, and Africa, ICTSI has a particular focus on developing markets, while also operating successfully in selected mature markets. Thus, ICTSI has had strategic opportunities to support the efforts of societies and nations to make progress in the Sustainable Development Goals (SDGs).

In carrying out its commitments to partner governments, ICTSI helps create major maritime port infrastructure, often along with supporting infrastructure on land, such as roads and freight railways. As ICTSI brings in world-class port performance standards and efficiency levels to developing markets, the Company facilitates economic growth that supports a wide ripple effect of jobs creation—beyond the immediate confines of the port, and across the value chain.

In many of the Company's operations, ICTSI is often among the first port entities to institute international standards in labor, health and safety, and security; introduce technologies and innovations; and, establish quality, environmental, and other management systems. The Company has an ongoing policy to leverage experience gained in the more mature operations to build capabilities, knowledge bases, and skills in newer hires or those in the more recently-developed ports.

Considering that many of the Company's operations are situated in port cities, ICTSI continually rethinks the way it does things, with an eye towards helping create more sustainable and livable cities and communities. That accounts for why ICTSI upgrades its equipment portfolio to newer, more energy-efficient models with reduced noise and emissions; and why the Company embarks on broad-based, technology-driven reforms to streamline freight movements in densely-populated cities.

The ongoing effort to support more livable cities and communities also intersects with efforts to address socioeconomic gaps and challenges in ICTSI ports' host communities. Through the ICTSI Head Office, the Subsidiaries, and the ICTSI Foundation, the Company is providing access to: quality education, training in employable skills, and technical-vocational facilities; clean water, health services, and sanitation; environmental education, management support, and ecological solid waste management-based livelihood opportunities; and resources for indigenous peoples and other marginalized sectors. Alongside its community work, the Company also invests in government- and private-sector-led efforts in disaster resiliency and disaster response.

This report amply provides clear real-life illustrations of how ICTSI's activities assist communities, sectors, and nations in making substantive progress with all of the 17 SDGs.



Stakeholder Engagement

Being a facilitator of global containerized trade, ICTSI serves several groups of stakeholders. These include, among many others, the primary port users (commercial clients such as shipping lines and landside/hinterland logistics players); public sector partners, especially port authorities; employees; and industry organizations (such as trucking associations) with satellite offices or operations within the port premises; shareholders; providers of capital; suppliers; and the various communities that serve as port hosts.

The Company's capacity to effectively serve the interests of these stakeholders rests on the capacity to accurately and continually glean insights into their goals, needs, and concerns. Continuing engagement takes many forms—and, for ICTSI, has long been an ongoing commitment.

This inaugural Sustainability Report provides ICTSI with a new and additional formal channel for touching base with stakeholders. The end result informs and clarifies the Company's work: the challenge to meet identified, legitimate stakeholder needs and concerns, particularly in the interest of sustainable business operations and the broader vision of sustainable development. The commitment to Sustainability Reporting is expected to help the Company fine-tune its strategies and recalibrate efforts towards increasing the impact of ICTSI's vision of global and good citizenship.

STAKEHOLDER ENGAGEMENT MAP

Stakeholder	Approaches	Key topics and concerns raised
Public sector (Government – Local and National/Regulatory Agencies)	<ul style="list-style-type: none"> Website Direct communication Annual audited financial statements Annual corporate governance report Annual, quarterly, and monthly reports Disclosures and other required reports 	<ul style="list-style-type: none"> Concession matters Regulatory and reportorial requirements
Port users (Customers)	<ul style="list-style-type: none"> Website Client online dashboard ICTSI Mobile App 24/7 web-based communication systems Quarterly customer satisfaction survey Customer care local number Weekly client visits (priority customers) Monthly association meetings Quarterly trainings and seminars Annual customer appreciation / thanksgiving events 	<ul style="list-style-type: none"> Customer satisfaction System issues Billing issues Operational issues
Employees	<ul style="list-style-type: none"> Direct meetings Website Ad hoc correspondence Quarterly Ugnayan sa Pantalan Annual employee relations activities CBA (every five years) Volunteering activities in coordination with ICTSI Foundation Other employment engagement activities 	<ul style="list-style-type: none"> Performance management Employee welfare Labor-management relations
Shareholders	<ul style="list-style-type: none"> Website Quarterly Investors' Briefing Investor (Equity) Conferences Annual Shareholders Meeting Annual Audited Financial statements Annual Corporate Governance Report Interim Quarterly Unaudited Financial Statements 	<ul style="list-style-type: none"> Quarterly and year-to-date consolidated financial and operational performance of existing portfolio Performance of existing/organic terminals Status of new projects Prospects and projects in the pipeline
Creditors	<ul style="list-style-type: none"> Website Investor (Debt) Conferences Direct communication / Regular discussions with credit risk officers of relationship banks Annual Shareholders' Meeting Annual Audited Financial Statements Annual Corporate Governance Report Interim Quarterly Unaudited Financial Statements 	<ul style="list-style-type: none"> Liquidity management Quarterly and year-to-date consolidated financial and operational performance of existing portfolio Performance of existing/organic terminals Status of new projects Prospects and projects in the pipeline
Suppliers	<ul style="list-style-type: none"> Website Direct communication New supplier accreditation and annual supplier reassessment 	<ul style="list-style-type: none"> Supplier performance Contract requirements

Container yard at Madagascar International Container Terminal



STAKEHOLDER ENGAGEMENT MAP		
Stakeholder	Approaches	Key topics and concerns raised
Communities and people groups	<ul style="list-style-type: none"> ■ Monthly newsletter ■ Quarterly consultation with concerned government agencies, communities, and partners ■ Annual ICTSI Foundation, Inc. Accomplishment Report ■ Forum with partners ■ Direct communication with the communities ■ Participation in events ■ Leadership trainings ■ Government-coordinated projects ■ Volunteerism through local community projects ■ Assessment after every project ■ Annual scoping in all communities ■ Monthly meeting with EcoPatrols ■ Quarterly meeting with different clusters ■ Ad hoc discussion with stakeholders 	<ul style="list-style-type: none"> ■ Health ■ Education ■ Shelter ■ Livelihood / Job creation ■ Community development ■ Volunteering activities ■ Environmental management
Trade unions and industry associations	<ul style="list-style-type: none"> ■ Direct communication ■ Ad-hoc get-togethers ■ Monthly Labor-Management Council meeting ■ Quarterly Ugnayan sa Pantalan 	<ul style="list-style-type: none"> ■ Employee welfare ■ New policies or programs about to be implemented ■ Individual concerns



Berth 5 of MICT

Explanatory notes on data availability, options, and limitations

Appropriate effort and care have been taken to ensure comprehensive and accurate coverage of the sustainability issues identified as being material to the Company and its stakeholders.

Data presented that pertain to the Company's operation in the Philippines (specifically, the flagship port of MICT) are clearly identified as such. Where helpful in establishing context, and where accurate in terms of applicability, mention is made of how MICT policies, standards, systems, practices, or processes are either already in place in other operations; or, what counterparts may be present elsewhere; or, that the overall vision is to replicate/apply such in the other terminals/ports in the ICTSI portfolio.

In the interest of transparency as well as ease of access to data, effort is made to cite other options for data sourcing, especially in the form of cross-references to other information channels that the Company provides, such as the Annual Report and the Annual Corporate Governance Report.

Delivery of new super post-Panamax quay cranes in Contecon Manzanillo. ICTSI's multi-million equipment investment plays a key role in Contecon Manzanillo's bid to become Mexico's primary import and export gateway.





As a port specialist, ICTSI has established a niche for gateway ports in emerging markets such as the Adriatic Gateway Container Terminal in Rijeka, Croatia.

STRATEGY & PERFORMANCE
ECONOMIC

Linking Markets to Drive Development

Port-catalyzed growth of sectors and industries, of national economies, and of regional trade are key concerns across all container terminal and port projects in the ICTSI Group.

These drive our continual efforts at increasing port efficiencies and long-term port profitability.

The economic value that ICTSI generates is best appreciated within the context of our market focus: the majority of our operations are in emerging and developing markets, with other operations in a few selected mature markets.

As a policy, ICTSI commits to long-term concessions. These are contracts which, by their very nature, require long-term planning for sustaining the welfare of all stakeholders: the company and its employees and shareholders; the partner governments that are privatizing or expanding existing port facilities, or developing greenfield projects to address critical trade infrastructure gaps; the businesses in the global supply chains; and the entire communities, sectors, industries, and nations, which our performance and growth ultimately impact and support.

In each country where ICTSI operates, the Company has regular consultative meetings, business/performance reviews, and similar monitoring and evaluation activities with the respective port authorities/agencies.

The company also undergoes regular internal audits for operations, as well as annual external audits of financial performance (for regulatory agencies).

Economic Performance Overview

In 2017, revenues from port operations for the ICTSI Group increased 10% mainly due to volume growth; tariff rate adjustments at certain terminals; new contracts and services with shipping lines; and contribution of the new terminals (mainly IDRC and VICT). Total volume grew 5% due to improving global trade particularly in the emerging markets, continuous volume ramp-up, and new contracts and services at several locations.

ECONOMIC PERFORMANCE (IN MILLION USD) ¹	
Direct economic value generated	1,272.5
Economic value distributed	1,185.6
Operating costs	443.8
Employee wages and benefits	172.2
Payments to providers of capital	237.9
Payments to governments	327.8
Community investments	3.9
Economic value retained	86.9



¹ The financial information were prepared on an accrual basis of accounting

DELIVERING BREAKTHROUGHS IN PORT DEVELOPMENT

From 2016-2017, ICTSI completed and inaugurated four major greenfield projects. These terminals are expected to be among the principal drivers of growth for the Company over the next several years.

New breakthroughs were achieved as all (but one) were delivered on time, or ahead of time, and just as important, on or below budget.

- Sociedad Puerto Industrial Aguadulce or Puerto Aguadulce, a joint venture container terminal development project with PSA (Buenaventura, Colombia). Delivered on budget—with the development work valued at USD \$546 million—albeit seven months behind schedule. All the infrastructure, including a 21-kilometer road through a jungle, were delivered.
- Matadi Gateway Terminal (DR Congo). The first port of its scale and standard in the nation, the project was started four months ahead of schedule, and faced major concerns: a remote location, limited materials, and hard rocky soil conditions. The USD \$95 million investment is a primary gateway for DRC's mining and agricultural exports and all imports as revenue drivers, led by diamonds, copper, cobalt, gold, and coffee and palm oil, among several others.
- Basra Gateway Terminal (Iraq). Adding to the existing terminals, Berth 27 was constructed on time and below budget. (ICTSI Iraq has established itself as Iraq's leading terminal by capturing 40 percent of the container volume in 2017 after just three years of operations.)
- Victoria International Container Terminal (Australia). The project completion—below budget and four months ahead of schedule—has never been achieved in the port industry for a 100 percent automated terminal. VICT is the first terminal in Australia that can accommodate the largest Neo-Panamax container ships.

SUPPORTING ECONOMIC DEVELOPMENT GOALS WITH NATIONAL & REGIONAL PORT INFRASTRUCTURE

These three operations illustrate the pivotal role that our ports play in supporting economic development goals for nations and regions.

Asia Pacific

- VICT, Melbourne, Australia. The aim of the Webb Dock project—involving the new container terminal and new empty container park—is to provide much-needed extra capacity, previously unavailable, to service the larger vessels planned for key Australian trades, as well as to broaden the base of container handling competition in Melbourne.

The Americas

- CMSA, Manzanillo, Mexico. Located on the Pacific Coast, the Port of Manzanillo is Mexico's busiest port. Here, ICTSI operates the Specialized Container Terminal-2. This new facility serves a hinterland up to and including Mexico City.

Europe-Middle East-Africa

- MICTSL, Toamasina, Madagascar. The project was undertaken with support from the International Finance Corporation to structure the transaction. With the port's handling capacity ramped up from 60 to 2,500 tons a day, the project helped turn Madagascar into a regional hub for port traffic. By 2005, fiscal benefits of USD 33.3 million had been realized (versus the initial estimate of USD 6 million). Acclaimed by various organizations, including the World Bank, for operational excellence, the ICTSI container terminal is the only gateway for container traffic to and from the island of Madagascar.



The country's main trading gateway, the Manila International Container Terminal operates 24/7 to connect Philippine markets to the global economy.



ICTSI CITED FOR SIGNIFICANT CONTRIBUTION TO PHILIPPINE ECONOMIC GROWTH



The Philippine government, through the Board of Investments (BOI) of the Department of Trade and Industry (DTI), conferred on ICTSI the 2017 Guinogulan Award for Large Enterprises, citing the Company's significant contribution to the country's economic growth. The award recognizes BOI-registered companies that contribute to the country's economy through capital infusion, employment generation, introduction of new technologies and innovation, implementation of community relations, economic linkages, and adoption of inclusive business models in their operations.

ICTSI is monitored for its multi-billion-peso capital investments in MICT since its registration in BOI in 1990. BOI ensures that ICTSI projects are completed and delivered on time in the light of government incentives. For the last three decades, ICTSI has a proven track record of exceeding government compliance especially with its contractual commitments in the operations, management and development of the MICT.

The Guinogulan is the highest award conferred by a host government and its home country to ICTSI. The Group and its subsidiaries have been receiving local and international accolades for excellence in supply chain management, corporate governance, financial management, investor relations, people management, industrial relations, innovation and technology, sustainability, public relations and communication, and CSR and philanthropy. (For a partial listing of international awards received since 2010, please see the Corporate Governance section.)



TABS: HOW MULTI-STAKEHOLDER REFORM AND TECHNOLOGICAL INNOVATION YIELDED HIGH DIVIDENDS FOR ALL



Averting future port, trade, and traffic crises costing PHP2.5 billion a day: that was a key part of the vision that drove ICTSI to launch the Philippines' first Terminal Appointment Booking System (TABS) at Manila International Container Terminal (MICT). In developing and implementing TABS at the MICT, ICTSI sought to deliver several major and long-term benefits to two general groups of stakeholders: the port users community of shipping lines, cargo owners, trucking companies, and the government; and the public, namely, Manila's commuting and motoring public, and consumers.

TABS' successful rollout shows the power of innovative technology and of crisis/post-crisis stakeholder engagement to support difficult, far-reaching reform. The web booking appointment system for trucks coming in and going out of the port area was key in easing Metro Manila traffic by managing the flow and scheduling the trips of container trucks plying the city roads, and in helping solve and prevent supply chain backlogs at the Port of Manila.

The innovation helped ICTSI implement broad-based reform, drastically streamlining the supply chain and improving port operations and processes, generating additional revenues for the government, all while reducing freight transport impact on the city's dense road traffic.

Providing for pension benefits for the Group's employees

ICTSI, BCT, BIPI, DIPSSCOR, SBITC, ROHQ, MTS, JASA, OJA, SCIPSI, MICTSL, MICTSI, AGCT, CGSA, CMSA, IDRC and APBS have separate, noncontributory, defined benefit retirement plans covering substantially all of their regular employees. The benefits are based on employees' salaries and length of service.

- The ICTSI Group's pension liabilities as of end of the year amounted to USD18.3 million.
- The fair value of the Group's plan assets as of end of the year amounted to USD8.8 million.
- Net pension costs incurred for the year amounted to USD3.1 million.

The Group also provides pension contributions for its eligible employees in YICT, PICT and ICTSI Oregon. Contributions made by YICT, ICTSI Oregon and PICT to the plans amounted to US\$0.9 million for the year.

Financial assistance received from government

In the fiscal year ending 2017, the ICTSI Group received financial assistance from various government entities. The forms of assistance primarily came in the form of government grants and tax incentives.

Please refer to Notes 16 and 21 to the ICTSI 2017 Consolidated Financial Statements.



A reach stacker operator at the Subic Bay International Terminal.

In a port concession or contract, ICTSI is the other half of the public private partnership. Thus, the Company ensures that relationships with the other half, the host government and its agencies in the Port such as Customs, are collaborative, open and favorable to the national economy. In Georgia, ICTSI enjoys the confidence of the government when the latter awarded a 48-year concession in the Port of Batumi 10 years ago.



Batumi International Container Terminal LLC

An ICTSI Group Company

Customs Warehouse

Berth 27 at the Port of Umm Qasr. With ICTSI's continuing investments, it is now the 'port of choice' in Iraq, supporting business growth in the country.



STRATEGY & PERFORMANCE
GOVERNANCE

Bedrock of Business Sustainability

For ICTSI, the bedrock of business sustainability is sound, prudent, and effective management. This encompasses vital areas such as general management, information systems, risk management, reliable financial and operational information, cost effective and profitable business operations, and compliance with contracts, as well as with all the applicable laws, rules, and regulations that are in force in the territories where ICTSI operates.

The ICTSI Group adopted a Manual of Corporate Governance in 2003. Its latest Revised Manual on Corporate Governance, pursuant to SEC Memorandum Circular 19 – 2016, was submitted on May 31, 2017. ICTSI likewise submitted its 2016 Annual Corporate Governance Report on May 30, 2017, pursuant to SEC Memorandum Circular 20 - 2016. In line with SEC Memorandum Circular 15 - 2017, the Company will submit its 2017 Integrated Annual Corporate Governance Report on or before May 30, 2018.

The Company appointed a Compliance Officer in 2014. Last February 9, 2016, concurrent as Chief Financial Officer, Rafael D. Consing, Jr. was appointed as the new Compliance Officer. In the Philippines, the Compliance Officer coordinates with the Philippine Securities and Exchange Commission and other government regulatory agencies in terms of compliance requirements, monitoring, and reporting.

As in previous years, ICTSI directors and officers led by Enrique K. Razon Jr., Chairman and President, took part in the annual corporate governance training, as required by the Philippines' SEC. The training focused on related party transactions and improving board level decision-making.

The in-house training was organized by ICTSI's Global Corporate Legal Affairs in cooperation with the Institute of Corporate Directors (ICD). The ICD is dedicated to the professional practice of corporate directorship and management in line with the global principles of modern corporate governance.



Victoria International Container Terminal, Australia



ICTSI Code of Business Conduct

The business principles that ICTSI adheres to are consolidated in the ICTSI Code of Business Conduct (the "Code"). It serves as a statement of the Company's beliefs, values, and commitments. These have always been and will remain fundamental to ICTSI's operations, regardless of the Company's growing global spread.

The Code sets out what is expected of every employee and business partner working with or on behalf of ICTSI. Employees and business partners are expected and given opportunities to familiarize themselves with the Code, and to conduct business in accordance with the Company's fundamental values and principles.

Critical issues, matters for clarification, assistance, or resolution are referred to the Compliance Officer. Likewise, violations are reported to the Compliance Officer. Proper safeguards are in place to protect the identity of the person reporting a violation.

It is also provided in Article XV of the CBA signed on April 25, 2014 between ICTSI and Nagkakaisang Manggagawa sa Pantalan ng ICTSI- NAFLU (NMPI-NAFLU) that the Company and the NMPI-NAFLU agree on the principle that disputes between labor and Management may be solved through friendly negotiations; that both have the same interest in the continuity of work until all points of the dispute shall have been discussed and settled; and that an open conflict in any form involves losses to the parties and that therefore, every effort shall be exerted to avoid such an open conflict.

Any difference of opinion, controversy or dispute between the Company and the NMPI-NAFLU, or between the Company and any employee or worker covered by the CBA, arising from the interpretation and/or implementation of any provisions of the CBA which is not settled or adjusted to the satisfaction of the Company or NMPI-NAFLU or employee concerned, shall be considered as "grievance" and hence shall be resolved in accordance with the grievance machinery provisions of the CBA.

Any grievance is resolved first at the friendly stage of the machinery. Any employee infraction is resolved through counseling and in the most amicable manner. Failure of resolution in this stage will elevate the case to Supervisor level then to Manager level and lastly to Top management level. If the case still remains unresolved despite exhausting all the levels of the machinery, the case shall be elevated to voluntary arbitration under the supervision of the Department of Labor and Employment. The decision of the voluntary arbitrators shall be final and binding among the parties and they shall abide by the said decision without recourse to appeal.

The Code also covers Anti-Bribery Obligations, with detailed guidelines provided in the ICTSI Anti-Bribery Compliance Policy and Procedure.

ICTSI subsidiaries hold orientations on the Code. These consistently underscore the value and promotion of an individual's integrity and dignity. Employees from different departments are enjoined to attend such sessions. The ultimate goal is to cascade the Code to all employees and business partners.

Anti-Bribery Compliance Policy & Procedure

Under its anti-corruption programs and procedures, ICTSI strictly prohibits and penalizes the acts of receiving and/or soliciting or exacting monetary consideration from port users, company clients, or the public in consideration of work. Administrative charges may be filed against erring employees, with consequent suspension. Recidivists are meted with the ultimate penalty of dismissal from employment after observance of the required due process.

Fostering a culture of transparency, accountability, & ethical business

ICTSI has been proactively and steadily working to streamline and automate port processes and transactions that are within its purview or control. The Company's anti-tipping policies go hand in hand with the elimination of face-to-face transactions, and with the establishment of online releasing systems.

The Company has its own process flow of transactions that are separate and distinct from those of the Bureau of Customs. Nevertheless, ICTSI strongly supports the agency's anti-corruption initiatives on the tax collection aspects of the container flow.

It is to be noted that for the period in review, there were no confirmed cases of corruption within the Company.

ICTSI has been recognized by governments, the global business sector, media, and other major organizations since the 1990s. Following are highlights of selected citations and awards for good governance and management.

ICTSI: RECOGNITION OF GOOD GOVERNANCE & MANAGEMENT (SELECTED HIGHLIGHTS, 2010-2017)

Conferring Body/Organization	Award/Citation, Category/Indicators	Period
Alpha Southeast Asia	One of Top 3 Best Managed Companies (Corporate Institutional Investor Poll), 7th Annual Institutional Investor Awards for Corporates Best CFO in the Philippines – Rafael D. Consing, Jr.	2017
ASEAN Business Awards	First runner-up in the Most Admired ASEAN Enterprise category (ASEAN Business Awards 2014 – Myanmar) Best in Corporate Excellence (1st ASEAN Business Awards 2014 – Philippines)	2014
Asian Nikkei Review	Included in the Asia300 List (featuring "new global multinationals")	2017
Campden FB (London)	ICTSI is 16th among the Top 50 Global Challengers (list based on a research partnership with Citi Private Bank) One of Top 50 Family Business Leaders – Enrique K. Razon Jr.	2017
Corporate Governance Asia	One of the Best Investor Relations Companies in the Philippines One of Asia's Best CFOs (Investor Relations) – Rafael D. Consing, Jr. One of the Best Investor Relations Professionals – Arthur R. Tabuena One of Asia's Best CEOs – Enrique K. Razon Jr. One of Asia's Icons of Corporate Governance One of the Asian Corporate Directors of the Year– Enrique K. Razon Jr. Corporate Governance Asia Recognition Award (citing ICTSI's continuing commitment to the development of Corporate Governance in the region)	2017, 2015, 2014, 2013, 2012 2017 2015, 2014 2015, 2014 2014, 2013 2014 2012
Euromoney	Overall best managed company in Asia for the Transportation / Shipping sector, Best Managed and Governed Companies (Asia poll) 2nd Place - Best-Managed Companies in Asia	2013 2011
Finance Asia	5th Best Managed Company 9th Best Investor Relations 2nd Best CEO 3rd Best Investor Relations 4th Best Managed Company 4th Most Committed to a Strong Dividend Policy 7th Best Corporate Governance One of Asia's Best Managed Companies One of the Philippines' Best CEOs – Enrique K. Razon Jr.	2013 2012 (Philippines category) 2011
2016 Investors Forum	Awardee, 1st Institutional Investors' Governance Awards (hosted by the Fund Managers Association of the Philippines, the Institute of Corporate Directors, the Philippine Investment Funds Association, the Trust Officers Association of the Philippines, and PJS Corporate Support Inc.)	2016
Stern Stewart & Co.	Top 25 Wealth-Added Index list - Philippine companies	2010
The Asset Corporate Awards	One of Asia's elite companies – Platinum Category, for showing All-Round Excellence in Financial Performance, Management, Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations Best CEO - Enrique K. Razon Jr. Treasurer of the Year, Philippines – Rafael D. Consing, Jr. (Triple A Transaction Banking Awards)	2017, 2016, 2015, 2014 2017 2011
World Finance	Port Project Sponsor of the Year	2014



BGT's Berth 27 services its first ship – the *Neopolis*.

ICTSI invests substantially in continually upgrading its standards across all areas of operations and adhering to the best practices in the global maritime transport sector. A major part of such investments is allocated for meeting certification requirements of sector-relevant standards set by the International Organization for Standardization (ISO). Below is a summary of ICTSI ports/terminals that have been ISO certified for Quality Management Systems.

Summaries of ICTSI ports/terminals that have been ISO certified for Environmental Management may be found in the Environment section; those for Occupational Health and Safety Management, Food Safety Management, and Supply Chain Security Management Systems may be found in the People section.

Please note that all ICTSI ports/terminals are compliant with the International Maritime Organization (IMO) - International Ship and Port Facility (ISPS) Code.

ICTSI PORTS WITH ISO QUALITY MANAGEMENT SYSTEM CERTIFICATIONS

Region	Terminal	Certification
Asia Pacific	Manila International Container Terminal (MICT)	ISO 9001:2008 Quality Management System
	Davao Integrated Port and Stevedoring Services Corp. (DIPSSCOR)	
	Pt Makassar Terminal Services (MTS)	
	Pakistan International Container Terminal, Ltd. (PICT)	
	Subic Bay International Terminal Corp. (SBITC)	
	South Cotabato Integrated Port Services, Inc. (SCIPSI)	
	Yantai International Container Terminals Ltd. (YICT)	ISO 9001:2015 Quality Management System
The Americas	Contecon Guayaquil S. A. (CGSA)	ISO 9001:2008 Quality Management System
	Tecon Suape, S. A. (TSSA)	
	Contecon Manzanillo SA de C.V. (CMSA)	ISO 9001:2015 Quality Management System
	Operadora Portuaria Centroamericana S.A. de C.V. (OPC)	
Europe-Middle East-Africa	Baltic Container Terminal (BCT)	ISO 9001:2008 Quality Management System
	Madagascar International Container Terminal Services Ltd. (MICTSL)	ISO 9001:2015 Quality Management System

ICTSI wins international awards

In 2017, ICTSI received several global accolades for excellence in corporate governance and financial management.

In the 7th Annual Institutional Investor Awards for Corporates by institutional investment publication *Alpha Southeast Asia*, ICTSI was picked as one of the best managed companies in the Philippines after being voted as one of the top three companies in the publication's yearly Corporate Institutional Investor Poll. Categories are Most Organized Investor Relations, Best Senior Management IR Support, Strongest Adherence to Corporate Governance, Most Consistent Dividend Policy, and Strategic Corporate Social Responsibility. In the latter, ICTSI polled the highest.

For the first time in seven years, the Best CFO in the Philippines award went to ICTSI's Senior Vice President and Chief Financial Officer Rafael D. Consing, Jr.

ICTSI joins 24 other Southeast Asian publicly-listed companies with the "best practices whether it be on corporate governance, investor relations, disclosure, transparency, financial management, integrated reporting, CSR and/or dividend policy."

Adding to the list of awards for ICTSI's competency in investor relations are awards from the 7th Asian Excellence Award by *Corporate Governance Asia*: Mr. Consing as among Asia's Best CFO and ICTSI as Best Investor Relations Company in the Philippines.

The Company also made the list of the "Top 50 Global Challengers" by London-based publication *Campden FB*, landing 16th based on average sales growth in the last two years.

The list is the result of a research done by *Campden FB*, in partnership with Citi Private Bank, about family businesses with impressive growth rates and turnover of between \$200 million and \$6 billion, according to a report by the *Philippine Daily Inquirer*.

Meanwhile, *Campden FB* also named ICTSI Chairman and President Enrique K. Razon Jr. as one of the "Top 50 Family Business Leaders" based on criteria, which included adherence to exceptional corporate governance and succession planning, outstanding entrepreneurial talent, and crucial contribution to the successful running of the business that helped underpin its revenue growth and profitability.

The *Asian Nikkei Review* also included ICTSI in its "Asia300" list, which features what it calls the "new global multinationals." The report provides in-depth coverage of "the biggest and fastest-growing companies from 11 economies across the continent." The new list represents the publication's review of the companies' "market capitalization, growth potential, and geographic balance that bring into sharper relief ASEAN economies in particular," according to the publication.

The Asset also recognized ICTSI for Victoria International Container Terminal's AUD398 million syndicated loan facility which won the Port Financing of the Year award. The loan term facility was advised by Citicorp Capital Philippines and arranged by Cathay United Bank.

The Asset Triple A Infrastructure Awards was created "in support of the importance of infrastructure to the region's future, shines the spotlight on this sector." It honors the institutions and the deals in Asia that made a difference during the review period.

Aside from garnering international awards, ICTSI received accolades at the 15th Philippine Quill Awards and the 2016 Anvil Awards. ICTSI received two excellence awards for the implementation of the Terminal Appointment Booking System (TABS) at the Manila International Container Terminal, and the ICTSI Foundation's phase 2 expansion of the Parola Solid Waste Management project; and the Grand Anvil Award for TABS.

Three merit awards were also conferred to ICTSI for the Foundation's Employee Volunteerism Program, which encourages employee participation in the Company's CSR activities; ICTSI scholarship program, which covers select high school students from partner public schools and ICTSI host communities, and the two scholars sent to Northeastern University in Boston; and the ICTSI Golf program, which aims to establish the sport as a profitable career for aspiring Filipino golfers and help young players develop their skills by providing opportunities to play in local and international tournaments.

And last but not the least, United Kingdom-based *Lloyd's List*, the world's oldest maritime trade publication, has cited International Container Terminal Services, Inc. (ICTSI) and its Chairman, Mr. Enrique K. Razon Jr. as among the leading institutions and personalities in the container port industry for 2017.



Atty. Lirene Mora-Suarez, ICTSI-ROHQ Regional Legal Manager - Asia Pacific, accepts the Best Investor Relations Company Award from *Corporate Governance Asia*.



Rafael D. Consing, Jr. with the Best CFO award from *Corporate Governance Asia*

STRATEGY & PERFORMANCE
ENVIRONMENT



Victoria International Container Terminal
ICTSI's fully automated terminal in Melbourne, Australia, and a pioneering sustainable port project in the Group.



Contecon Guayaquil in Ecuador is recognized as an “eco-friendly” port by local authorities.

STRATEGY & PERFORMANCE
ENVIRONMENT

Advancing Environmental Management from Landside to Waterside

Daily business operations at all ICTSI ports encompass on-vessel (waterside) and off-vessel (both landside and waterside) activities.

In the macro context of the maritime port sector, we drive trade as we facilitate containerized cargo movement through intermodal logistics. We work closely alongside other trade transport players: on roads (especially trucking companies), along railways, via shipping lines, and via air freight.

Of 31 ICTSI terminal concessions and port development projects worldwide, we have 25 common user container terminals that are located in port cities. These include the mega city of Manila, Philippines (where ICTSI was established, is headquartered, and operates its flagship terminal); Melbourne in Australia, Karachi in Pakistan, Manzanillo in Mexico, Gdynia in Poland, and, Yantai in Shandong, Eastern China. Given these, there are scenarios where our impact may extend to the port host cities or communities, as well as the areas where our business partners operate.

In its framework for establishing and maintaining systems that ensure an environmentally friendly value chain, ICTSI gives priority to operational aspects that are directly within the Company’s control, particularly those occurring within terminal/port premises.

ICTSI’s flagship operation, MICT in the Philippines, is certified with ISO 14001, fully compliant with the local environmental laws, and has systems to strictly monitor and manage its stack emissions, water usage, water effluent, and waste generation.

The institutionalization and streamlining of Health, Safety, Security, and Environment systems across all operations has been an ongoing corporate commitment through Global Health, Safety, Security, and Environment (HSSE) Department.

The Global HSSE Department promotes a culture that drives commitment towards a safe, secure, and healthy work place and to promote sustainable development. Part of the Global HSSE Department’s mandate is to also review the effectiveness, adequacy, and suitability of the HSSE Management Systems in place across the terminals, and to support improvement plans in the local and global levels, fostering best practices sharing and ensuring regulatory compliance.

For the reporting period, the Company continued to take measures to enhance its environmental management, progressively minimizing impacts on land, air, and water.



Employees of South Cotabato Integrated Port Services, Inc. (SCIPSI) in Gen. Santos City, Philippines regularly support local initiatives on the planting of mangrove seedlings to protect the coastlines of Sarangani Bay from soil erosion. Makar Wharf, where SCIPSI operates, is located north of Sarangani Bay.

Beyond port efficiency: optimizing energy-efficient operations

The issue of energy in an organization is viewed through several perspectives, including energy consumption; energy intensity (measured in terms of sector-appropriate metrics, such as TEUs for container ports); and, efforts towards reducing energy consumption.

In the majority of ICTSI's container port operations, energy consumption typically falls into these patterns:

- Forms of energy needed are generally divided into electricity and fuel.
- Areas of operations that use these energy forms the most are
 - cargo handling equipment, that is, machinery/vehicles engaged in what the industry terms “horizontal activities” such as reaching, unloading, and stacking of container boxes;
 - cargo conditioning or reefer facilities, which include refrigerated as well as frozen storage; and,
 - lighting systems for the container yard, along the berthing areas, in and around administration offices and maintenance buildings/workshops, and access roads located within the Company's port concession premises.

Original Equipment Manufacturers' (OEMs) development teams are progressively rolling out newer models with increasing productivity (e.g., crane moves per hour). Just as crucially, OEMs are investing heavily in products designed for increased fuel efficiency, reduced CO2 emissions, and reduced risks posed to operators and other workers.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION ¹	
Sources of Energy ²	2017 (in GJ)
Non-Renewable	
Diesel	322,458.27 ³
Gasoline	2,722.46 ⁴
Electricity ⁵	128,024.33 ⁶
Total Energy Consumption for the year	453,205.07

¹ MICT energy consumption

² Monitored by Engineering Department

³ 1 litre of diesel = 0.03871058 gigajoule; Source: <http://www.onlineconversion.com/energy.htm>

⁴ 1 liter of gasoline = 0.03481099 gigajoule; Source: <http://www.onlineconversion.com/energy.htm>

⁵ Consumption is metered

⁶ 1 kilowatt hour = 0.0036 gigajoule; Source: <http://www.onlineconversion.com/energy.htm>

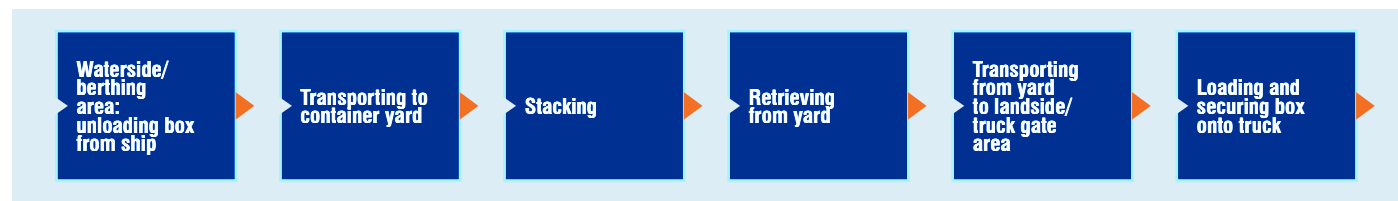
For the average container port operated by ICTSI, concerns about energy transcend general usage or consumption patterns across the organization. It can be as focused as asking...

“How much energy does it take to complete one cycle, from waterside to landside...”

- ... Removing a loaded cargo container box (a single twenty-foot equivalent unit or TEU) from a vessel...
- ... transporting it to the container yard for storage...
- ... stacking it at its assigned slot...
- ... then subsequently retrieving the same...
- ... and placing and securing the loaded box onto a truck, for road transport to a designated warehousing/distribution facility?

Or, put another way: what is the energy intensity ratio of a single TEU?

Typical operating processes involved consuming energy



For MICT, total annual throughput for 2017 was 2,280,797 TEUs. Factoring in energy consumption within the organization (excluding, for instance, energy consumed in the form of fuel by the freight truck departing for a distribution facility outside of city limits), the energy intensity ratio was pegged at GJ 198.705.⁷

Across all operations, ICTSI is continuing its enhancement of energy monitoring systems, expanding the use of next-generation energy-efficient cargo handling equipment and vehicle fleets, and developing other productivity measures that help ensure ever-shorter turnaround times for handling each container box/TEU. (Other simple and practical initiatives include providing shuttles for MICT employees.)



LEADING THE CHARGE TOWARDS INCREASINGLY ENERGY EFFICIENT CARGO HANDLING

Apart from the flagship operation in Manila, other ICTSI subsidiaries are leading the charge towards increasingly energy efficient cargo handling.

Poland. BCT's ISO 50001 energy management system implementation and certification (2014) was the first such implementation in Polish container terminals. In 2017, Poland's Energy Regulatory Office for Energy Efficiency Improvement conferred the prestigious White Certificates that may be traded on the Polish Energy Exchange, an incentive provided by the government supporting ICTSI's investments to improve energy efficiency within its port.

The White Certificates were awarded in recognition of BCT's 2016 port lighting modernization program, completed at a total cost of PLN 420,000 (USD 115,000). Significant energy savings resulted from the replacement of 396 luminaires with 132 energy-saving LED systems.

These energy savings are reflected in the value of the White Certificates awarded, which may be traded up until 2020. BCT estimates that the use of the White Certificates may result in a total financial bonus of up to USD 75,000.

Ecuador. CGSA has repeatedly been recognized for its eco-efficiency efforts. In 2010, the port received an Honorable Mention in the City of Guayaquil's Eco-Efficiency Awards. In 2015, the national government, through its Ministry of Environment, awarded CGSA the Ecuadorian Environmental Certification for being an “eco-efficient” company.

The award recognized CGSA's major projects in 2014: reductions in diesel consumption through electrification of RTGs; the implementation of cargo weighing-in cranes, which optimized cargo handling and lowered carbon dioxide emissions; and, the use of automatic power on RTGs, a move which cut down on lubricant oil use.

CGSA is the first eco-efficient port operator in Ecuador and was only the second company in the country to receive the certification.

It is to be reasonably envisioned that the baseline consumption and intensity results for MICT, measured and documented during the 2017 reporting period, will continue to improve. It is also envisioned that similar progress in these aspects of sustainable port operations will be posted by the other ICTSI terminals.

⁷ Gigajoules, or 1,000,000,000 Joules (J), with joules being the standard unit of measurement for energy.

Raising port productivity & energy efficiency—while reducing Greenhouse Gas (GHG) emissions

Substantial investments in innovative, next-generation equipment is making this scenario increasingly possible in ICTSI operations.

ICTSI's flagship, MICT, has the Philippines' largest fleet of rubber-tired gantry cranes. MICT's USD80,000,000 capacity improvement program includes as much as USD22,000,000 million earmarked for hybrid rubber-tired gantries (RTGs).

The new hybrid RTGs, booked in 2017 for batched delivery in 2018 and 2019, are the first of their kind in the Philippine ports system. Designed with 200kVA Li-ion batteries and a smaller diesel engine, these hybrids offer 60 percent better fuel efficiency, along with reduced noise levels at the yard, owing to the unit's smaller engine.

Equally crucial is how the RTG model also delivers, at minimum, a 40 percent reduction in carbon emissions.

This investment is aligned with and builds on previous management decisions.

In 2015, MICT was the first port in Asia Pacific to order the market's most fuel efficient 45-ton reach stackers, delivering significant fuel savings of up to 20 percent, along with emission reduction capacity (that meets European Stage 4 and Tier 4 and EPA emission legislations). These equipment investments also included four RTGs with a 100-percent electric power system that eliminates on-site smoke emissions.

GHG Emissions (MICT)	2017 (tonnes of CO2e)
Non-renewable fuel (Scope 1)	21,831.22
Electricity (Scope 2) ⁸	21,479.64
Total	43,310.86

⁸ Electricity end use GHG emission = (Quantity of consumption * emission factor)/1000; corresponding emission factor for the Philippines was used; Source: IEA ©OECD/IEA 2016



ON TRACK TOWARDS LOWER EMISSIONS: SUPPORTING THE CASE FOR RAIL FREIGHT

In 2014, the multi-sectoral port congestion discussions and studies led to the large-scale reform of the Luzon containerized cargo flow, a reform anchored on ICTSI/MICT's Terminal Appointment Booking System (TABS). Among the medium- to long-term solutions considered was the revival of a freight railway system in Luzon.

From 2016 to 2017, the Company held exploratory discussions with the Philippine National Railways for the establishment of the freight rail system linking the maritime and inland ports clustered in Luzon. While further decongestion of the urban road network in Metro Manila is seen as a primary benefit of the project, the system is also projected to substantially lower carbon emissions. First, rail generally accounts for lower GHG emissions. Second, cumulative emissions reduction as a single train efficiently transports the same amount of cargo that would require multiple truck trips to move.

A carefully-planned freight rail system, working alongside the freight trucking services that have been rationalized through TABS, would positively impact port city traffic and air quality—while ensuring future-ready cargo logistics capacity for burgeoning Philippine trade.

WASTE MANAGEMENT



Globally, targets pertaining to waste are clustered around core concepts such as reducing the actual solid waste generated in household and industrial activities, ensuring good management of any waste that is actually generated, increasing recycling and safe reuse, and minimizing the human health impacts of waste.

In the MICT, management of port-generated solid wastes follows guidelines set forth under RA 9003 (the ESWM Act of 2000).

Furthermore, terminal cleaning is conducted regularly, as are coastal clean-ups done with the assistance of members of the ICTSI Emergency Response Team, ICTSI Foundation, and other partners. The following shows the results of waste management monitoring done in 2017.

WASTE BY TYPE & DISPOSAL METHOD	
Type of Waste	2017 (in metric tons)
Hazardous	
Oily Waste	55.40
Clinical Waste ⁹	0.66
Busted Fluorescent Lamp	0.26
Used Lead Acid Batteries	412 (pieces)
Non-Hazardous	
Solid Waste	51.913

⁹ Treated, with certificates from disposal contractor

Non-hazardous wastes are disposed to the landfill, all hazardous wastes (except batteries) are treated.

For the period in review, no hazardous waste generated at the MICT was shipped internationally. Used batteries were recovered under the Balik Baterya program and used oil was hauled under the Bantay Langis program (see related story); on the other hand, oily water and oily solids, such as filters, were hauled by another third-party hauler.

It is worth noting that ICTSI's commitment to responsible waste management has been carried over by its flagship operation, MICT, to its three host communities; two populous barangays in Parola and in Isla Puting Bato. This is made possible through the Parola Solid Waste Management Project (PSWMP), a major multi-stakeholder effort led by ICTSI, the ICTSI Foundation, and involving several national government agencies as well as local government units.



POWERING CSR PROGRAMS WITH USED BATTERIES AND USED OIL



Materials recovery and recycling programs just keep getting more innovative, and no one is complaining—certainly not ICTSI, which was recognized as a Million Peso Donor Awardee in 2017 during the 10th anniversary celebration of the Motolite-PBSP Balik-Baterya Program.

Jumpstarted by car battery manufacturer Motolite, Balik Baterya (literally, return of batteries) encourages companies to return their used lead acid batteries (ULAB) waste. The recovered ULAB are then recycled and used in the production of new automotive and industrial batteries. To incentivize the ULAB returns, the number of donated used batteries is assigned a peso value, and upon accumulation, can be redeemed in the form of funds for various CSR undertakings.

In 2012, for instance, ICTSI's ULAB turnover reached almost three tons. It generated enough "redemption value" (incentive funds from Motolite) to bankroll that year's run of Lusog Dunong, an ICTSI Foundation supplemental feeding program which benefited children from 10 day care centers in Manila.

Similarly, ICTSI has partnered with the Lingkod Kapamilya Foundation (of TV network ABS-CBN) under the latter's Bantay Langis program, for the hauling of the Company's used oil. The monetary value of the collected used oil will be used to help implement Lingkod Kapamilya's environmental conservation efforts.



A PROBLEM SO HUGE, IT WEIGHED 10 TONS...



...And took three communities and an unfazed multi-stakeholder group to solve.

Nearing 2013, residents of the Parola area, MICT's host community (straddling Barangay 20 in Tondo and Barangay 275 Binondo) were churning out close to 10 tons of garbage per day. Deleterious impacts were evident: on human health (especially that of Parola youth, who had regular exposure to or contact with the trash), community sanitation, road safety, and environmental conditions. Unsorted garbage required more garbage truck trips to haul. Garbage clogged roads and floods resulted, impacting both community life and port operations, all across the 30 Parola gates.

ICTSI Foundation launched the Parola Solid Waste Management Project (PSWMP) in 2013 (Phase 1) by organizing a multi-partite partnership with (a) Department of Environment and Natural Resources (DENR); (b) Department of Social Welfare and Development (DSWD); (c) Barangay 20, Tondo, Manila; (d) Barangay 275, Binondo, Manila and (e) Philippine Business for Social Progress (PBSP).

The immediate objective: address, reduce and eventually stop the indiscriminate disposal of garbage. The larger vision: promote a stronger solid waste management consciousness in the community, and in other ICTSI/ICTSI Foundation partner communities and schools.

With the help of DSWD and the Parola Barangay Councils of Manila Barangays 20 and 275, two to three informal leaders in each of the 30 Parola community gates were identified to serve as the Parola core of advocates on proper solid waste management. They are called as "Ecopatrol Volunteers" who are long-time-residents, potential leaders and community influencers. DENR, DSWD and ICTSI Foundation jointly provided the substance of the Ecopatrols' education and training in undertaking their tasks covering topics such as solid waste management, persuasive communication, effective information and communication campaigns, leadership training and team building, among others. They were also exposed to several study tours on best solid waste management practices and livelihood opportunities from household wastes.

PSWMP PHASE 1—LAYING THE GROUNDWORK FOR GRASSROOTS ADVOCACY OF RESPONSIBLE WASTE MANAGEMENT

During PSWMP Phase 1, one of the most crucial stages was laying the groundwork for grassroots advocacy. It entailed frank discussions yielding insights on people’s mindsets about garbage, the persuasive introduction of new concepts and principles, and, ultimately, the creation of genuine buy-in among the residents.

EFFECTIVE STRATEGIES & TACTICS	ENCOURAGING INITIAL RESULTS
<p>Get the word out. Information, Education and Communication (IEC) campaign, mounted with DENR, including 32 ESWM seminars for almost 3,000 residents, to raise awareness of climate change, environmental degradation, and community-based solutions.</p> <p>Equip for innovation. Regular training and weekly meetings with the Foundation to equip Eco Patrols to innovate informal ways of influencing residents in their assigned areas to comply with barangay regulations on solid waste management.</p> <p>Learn from the best. Study tours with officials of barangays cited by DENR for ESWM best practices; participation in the Solid Waste Management Association of the Philippines Conference, tackling mainstreaming/integration of the informal waste sector.</p>	<ul style="list-style-type: none"> Creation of a Barangay Ecological Solid Waste Management Committee, and the establishment of the materials recovery facility as required by RA 9003, based on the Waste Analysis and Characterization Study (WACS). DENR used the WACS results to determine appropriate livelihood technologies that can be adopted. Improved efficiency in garbage collection and, among residents, higher compliance with collection schedules and increased cooperation with Eco Patrols’ cleanups. Marked improvement in the maintenance of cleanliness along Parola’s South Access Road.

PSWMP PHASE 2—GAINS & IMPACT

Going beyond waste management, to engaging more communities, boosting household incomes, and helping beneficiaries transition into leader-advocates: this is the expanded vision for the PSWMP - Phase 2/Expansion stage. Aiming to transfer the locus of sustaining program gains from the private sector, NGOs and government, to the partner-residents, Phase 2 more closely integrates poverty reduction/income generation with the development of leadership, entrepreneurship, and creativity at the grassroots level.

Qualitative Outcomes
<ul style="list-style-type: none"> ✓ Changed mindsets, as evidenced in: <ul style="list-style-type: none"> Change of behavior. In initial SWM orientations, residents of Isla Puting Bato (a community that joined in Phase 2) admitted that they use Manila Bay as their garbage can (because pick-up points are far from their houses). After the PSWMP team provided EcoPatrols with pushcarts for hauling waste to the pick-up point, volunteers noted a reduction in indiscriminate waste dumping, and increased compliance with collection schedules and cleanups. Improved community perspectives, based on testimonials from community members/Parola residents: <ul style="list-style-type: none"> “Hayahay na ang Parola. Hindi na nahihiya sa visitors”; “Basura is very organized.” Proud as residents of Parola; their quality of life has improved or “umangat ang antas ng naninirahan sa Parola.” ✓ Emergence of leadership, entrepreneurship, and community spirit, indicating confidence and capabilities being built. <ul style="list-style-type: none"> The community initiated, and gained from, the <u>Urban Gardening program</u> (vertical gardens lining walls along the South Access Roads), after having seen a similar best practice through the Lakbay Aral exposures. The proponent family now earns from selling ornamental plants. <u>Peace and order</u>. The proponent family also formed a Bantay Bayan group to secure the gardens. <u>Community spirit</u>. Medicinal and edible plants are freely shared to households in need (e.g., oregano for cough). ✓ Sense of responsibility as advocates. In interviews, EcoPatrols have expressed their increased realization of their work’s value, especially in pitching ESWM to fellow residents.

QUANTITATIVE OUTCOMES¹⁰

- ✓ **Program expansion** from Barangays 20 (Tondo) and 275 (Binondo), to the Isla Puting Bato community; inclusion of sub-sectors (e.g., market vendors and street sweepers) trained as well on RA 9003; increase in the number of EcoPatrols, from 62 to 78, with the core/original group helping identify the new influencers/leaders. From Isla Puting Bato, 986 residents joining the Information, Education, and Communication (IEC) activities.
- ✓ **Expansion of the Parola residents’ Urban Gardening initiative**, from one household, to 36 EcoPatrol volunteers and their families (plus 4Ps members) who maintain the plants. Coverage expanded from one gate to 18 (out of 20 total).
- ✓ **Measurable volume decrease in trash collected**. From 2013 to early 2015, haulers had to deploy two garbage collection trucks to the area: a 12-tonner truck/unit, along with one four-tonner. From May 2015 to 2016, only one 12-ton compactor needed to be deployed.
- ✓ **As an adjunct to PSWMP**, ICTSI Foundation held eight “Sustainable Development Through Environmental Protection and Management” seminars for 746 Junior and Senior High School students in August 2016.

¹⁰ Reported as of yearend 2016, pending the final 2017 report from the ICTSI Foundation.

COMING TOGETHER—AND COMING INTO HER OWN—THROUGH WASTE SEGREGATION

As a mother of 10, Marilyn Anosa had no choice but to work doubly hard after her husband passed away in 2005. Previously, Marilyn had focused solely on attending to the needs of her husband and children.

At one point she realized, “Ang dami ko pa palang pwede at kayang gawin” (There were a lot of things I could and was able to do); eventually, she became a field volunteer of Manila City Hall, joining medical missions, relief operations, and similar initiatives.

And then in 2013, she became a pioneer PSWMP EcoPatrol Volunteer.

One unexpected bonus? Marilyn admits that she used to be hot-tempered, and prone to sulking at home, but her now-productive life has improved her demeanor and benefited her brood.

As her sideline, Marilyn and her children segregate recyclables which she is able to gather, or which neighbors “contribute.” Her family sells plastic bottles, glass bottles, empty cans, and other recyclables, and use the proceeds to buy household needs: a kilo of rice, a bar of soap, medicines.

Being an EcoPatrol has opened many doors of opportunities for Marilyn: now a parent leader under DSWD’s Pantawid Pamilya Pilipino Program, a credible speaker in eco-talks on ESWM and proper segregation, and a neighborhood influencer.

Of her continuing commitment as an EcoPatrol, Marilyn says, “Dati wala akong pakialam tapos ngayon natuto na ako pahalagahan ang kapaligiran kasi dun galing ang sakit; kelangan malinis ang kapaligiran...Doon din ako natuto pano makihalubilo sa kapwa ko, magpakumbaba at higit sa lahat yung pakikisama” (I didn’t care about the environment before, but now I’ve learned to value it because a dirty environment can cause disease; the surroundings have to be kept clean... [with the program] I learned to interact with my fellow residents, to be humble, and know how to get along).



ENVIRONMENTAL COMPLIANCE

As stated in the ICTSI Annual Corporate Governance Report, the Group is subject to regulations that govern operational, environmental and safety standards. Moreover, the Group's terminal services are conducted under licenses, concessions, permits or certificates granted by applicable regulatory body in the countries in which it operates.

In the period in review, no significant incidents of non-compliance with environmental laws or regulations was noted. Likewise, during the same period, no significant spills were noted.

Across the ICTSI Group, the following have obtained and/or maintained the following environmental management system certifications as of 2017:

ASIA PACIFIC	
Manila International Container Terminal (Philippines)	ISO 14001:2004 Environmental Management System
South Cotabato Integrated Port Services, Inc. (Philippines)	ISO 14001:2004 Environmental Management System
Pakistan International Container Terminal (Pakistan)	ISO 14001:2004 Environmental Management System
Yantai International Container Terminal (China)	ISO 14001:2015 Environmental Management System
AMERICAS	
Contecon Guayaquil SA (Ecuador)	ISO 14001:2004 Environmental Management System
Contecon Manzanillo SA (Mexico)	ISO 14001:2015 Environmental Management System
Operadora Portuaria Centroamericana (Honduras)	ISO 14001:2015 Environmental Management System
Tecon Suape SA (Brazil)	ISO 14001:2004 Environmental Management System
EUROPE-MIDDLE EAST-AFRICA	
Baltic Container Terminal (Poland)	ISO 14001:2004 Environmental Management System ISO 5001:2011 Energy Management System
Madagascar International Container Terminal Services Ltd. (Madagascar)	ISO 14001:2015 Environmental Management System

The long-term vision is to be able to secure appropriate certifications for all ports, regardless of location, project age, or the stage of development the port may be in at the time of turnover to ICTSI.



DRIVING ENVIRONMENTAL ADVOCACIES, ONE TREE (AND ONE VOLUNTEER) AT A TIME

ICTSI has a continuing commitment to promote environmental awareness and support conservation efforts, many of them volunteer-driven. These take place right within ICTSI terminal/port premises, and in several cases, within the partner-communities.

One of ICTSI's longest-running advocacies is responsible reforestation, involving urban and rural tree-planting. The Company and/or volunteers from subsidiaries have also been involved in mangrove reforestation and even revegetation of an industrial wasteland. More recent examples include:

- SBITC (Subic, Philippines).** In cooperation with the SBMA Ecology Center, SBITC organized a mangrove conservation activity along the Binictican-Malawaan River within the Subic Bay Freeport Zone. The project drew SBITC employees and their families who participated in planting 200 mangrove seedlings in the target area.
- SCIPSI (Gen. Santos City, Philippines).** SCIPSI has been regularly supporting local initiatives in the planting of mangrove seedlings for the past four years.
- VICT (Melbourne, Australia).** In 2017, VICT, through the VICT Community Investment Fund, carried out its continuing commitment to the NGO Friends of Westgate Park, awarding an AUD 15,000 grant. The NGO has been working for 15 years to transform an industrial wasteland into a native bushland for local indigenous plants and animals. Integrated into the program are experiential lessons on the biology of plants and their environmental impact, delivered to students from nearby schools. The grant supported three full days of revegetation efforts interspersed with on-ground activities such as identification of wetland insects.

Promoting environmental conservation one mangrove seedling at a time



Mechell Madriaga plants a mangrove seedling.

Subic Bay International Terminal Corporation (SBITC), together with the Subic Bay Metropolitan Authority Ecology Center, planted 200 mangrove seedlings along the Binictican-Malawaan River inside the Subic Freeport Zone. The activity is one of SBITC's several initiatives advocating the protection and conservation of the environment.

Mangroves are salt-tolerant trees or large shrubs that grow in coastal intertidal areas. They stabilize the coastline by reducing erosion caused by storm surges, currents, waves, and tide changes. Mangroves also play a vital role in coastal biodiversity with their intricate root system providing food and shelter too fish and other lifeforms.

"We have been always active in environmental awareness efforts. We bring our kids on some of the activities, including this, which allow them to learn about and appreciate the importance of preserving our natural environment at an early age. By planting mangroves, we become proactive instead of simply being reactive just like in the case of cleaning coastlines," said Mechell Madriaga, SBITC safety superintendent.

"We're hoping the whole community would support our initiative because we're not only helping rebuild nature by planting mangroves—we're also safeguarding ourselves considering mangroves act as shield for inland areas during storms."

“ We have been always active in environmental awareness efforts. We bring our kids on some of the activities, including this, which allow them to learn about and appreciate the importance of preserving our natural environment at an early age. By planting mangroves, we become proactive instead of simply being reactive just like in the case of cleaning coastlines ”

Mechell Madriaga
SBITC safety superintendent

STRATEGY & PERFORMANCE
PEOPLE

Employees of Yantai International Container Terminal
in Shandong Province, China troop to their respective stations.





Employees of Adriatic Gate Container Terminal are among the most tech savvy in the ICTSI Group

STRATEGY & PERFORMANCE
PEOPLE

Developing the Best Hands on Deck

Globally, ICTSI has a total of 7,628 permanent employees (per yearend 2017).

As a matter of policy and practice, the Group generally does not hire contractual employees. Instead, ICTSI chooses to nurture a dedicated staff of permanent employees who grow familiar with the industry, the company, and operations; are willing to be trained to become productive professionals; and, desire to be empowered as better citizens.

WORKFORCE

Those in Operations constitute the single largest group of employees (by activity), both in the ICTSI Group total and in the Philippines-MICT operations.

NUMBER OF EMPLOYEES BY ACTIVITY & LOCATION	
As of December 31, 2017	
EMPLOYEES BY ACTIVITY	
Operations	4,997
Engineering	1,139
Finance and administration	1,194
Corporate offices	162
Others	136
Total	7,628
EMPLOYEES BY GEOGRAPHIC REGION	
Asia	3,701
Americas	2,596
EMEA	1,331
Total	7,628

Freedom of Association & Collective Bargaining Agreements

As an investor in various Philippine and international port sector markets, ICTSI complies with the socioeconomic laws, regulations, and policies in every territory where it operates. These include domestic labor laws, as well as applicable international labor conventions, including those that pertain to the right to freedom of association, collective bargaining agreements, remuneration, benefits, rendering of overtime work, and the like.

In establishing these agreements, ICTSI—as the private sector partner in each port development/privatization project—concur with the public sector partner/government agency. In most situations, ICTSI leverages its port expertise and its group-wide track record of industrial peace to provide guidance. However, ICTSI does not intervene in government action.

In general, ICTSI does not outsource labor. The Company prioritizes full-time employment, and sourcing new hires for permanent/long-term formal employment from ports' local labor pools, for training, continuing development, and career pathing. This is particularly true for the areas of operation involving highly specialized or technical skills (e.g., operating expensive, complex, or heavy equipment).

In the occasional event that labor outsourcing becomes necessary under the conditions of a concession contract, ICTSI exercises care to ensure that suppliers have obtained the necessary permits and have complied with applicable labor laws. (In the Philippines, for instance, the Company requires duly accredited independent contractors to comply with the Supplier Social Checklist prior to commencement of any work engagement.)

In terms of remuneration, ICTSI complies with and often exceeds the minimum wages set by the respective territories' government agencies. (For instance, in Madagascar's MICTSL, ICTSI management and labor worked out a five-year CBA that provided

More than 65%¹ of the ICTSI Group employees are union members, as of 2017. The Group has collective bargaining agreements (CBA) in many of the ports in which it operates. The company maintains open and productive communication lines with employees' unions.

¹ Based on the total number of employees eligible to form a union

for, among others, wages that are three times higher than the mandated labor wage, and afforded benefit packages, bonuses, and allowances where there were none before MICTSL started operating.)

Labor-Management Cooperation (LMC)

As a state of relations where management and labor work hand in hand to accomplish certain goals using mutually acceptable means, LMC is based on the belief that both parties have a common interest in the success and growth of the enterprise, and consequently the economy.

This is a venue where labor and management are able to discuss their respective concerns beyond the formality of collective bargaining negotiations or management – union structured conferences. This concept has been embedded at the core of MICT’s relationship with the labor force.

In addition to formal CBA negotiations and grievance procedures, there are less structured programs in MICT such as regular labor-management meetings, team building activities, and LMC seminars, among others. This has led to the establishment of open communication lines between both parties and empowered both parties to call for unscheduled informal meetings to immediately address concerns. During such meetings, employees are encouraged to openly air their questions and concerns, assured of management’s willingness to listen.

Because of this cooperative relationship, there have been projects co-sponsored by both labor and management such as the promotion of a drug-free workplace and 3-S, which was a joint proposal by the union and the operations team to improve productivity.

In the international operations, the formation of similar labor-management councils is encouraged, with meetings generally held monthly to ensure constant exchange of feedback.



Management and union workers engage in regular meetings at the Manila flagship.



Ugnayan sa Pantalan

The quarterly holding of the Ugnayan sa Pantalan provides another informal channel for open and regular communication between labor and management. Conceived as a way of helping workers celebrate their birthdays, the gathering also serves as a ‘town hall meeting’ of sorts. In these sessions, employees are able to relay their concerns or grievances to management. In turn, management provides status updates on how previously-aired concerns are being addressed or have been resolved.

Employees, new hires, & turnover (MICT)

For 2017, ICTSI’s flagship operation in the Philippines, MICT, had a total of 1,607 employees; of these, 145 were new hires.

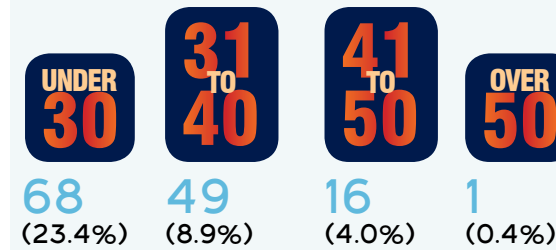
MICT HIRES¹

OPERATIONS

NEW HIRES BY GENDER



NEW HIRES PER AGE GROUP

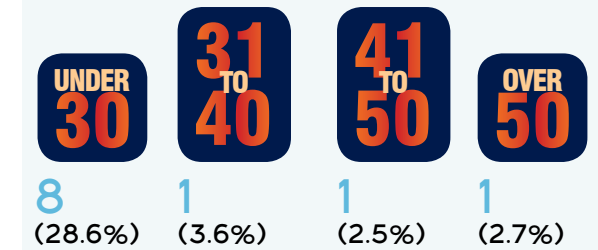


ADMIN

NEW HIRES BY GENDER



NEW HIRES PER AGE GROUP



View from the Operations Center at the Manila International Container Terminal (MICT)

¹For figures shown in parentheses, total employee numbers at the end of 2017 were used to calculate the rate of new employee hires

Several realities are changing the structure, nature, and intensity of labor requirements for direct employment in the marine ports sector:

- Increasingly larger container ships or vessels being serviced.
- Continual push for ever-higher productivity and port efficiency levels, with the market demand for ever-shorter “dwell times,” both waterside and landside: that is, the waiting time spent by the ships and trucks within the port.
- Tighter regulations/higher standards in workplace safety, especially with high-risk tasks involving boxes, etc., as well as in management/minimization/elimination of identified environmental impacts.

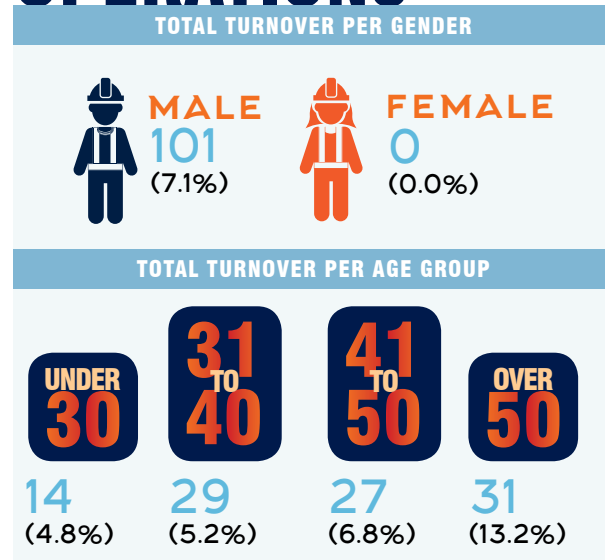
Consequently, there is an intensifying drive towards increasing automation: to progressively reduce human engagement in risky tasks; for speedier, more scalable operations (e.g., equipment that can service the largest vessels); and, for seamless integration into Terminal Operating Systems (TOS) that ensure secure access to real-time cargo, personnel, and maintenance management (identification, monitoring/tracking, etc.).

These realities are transforming port manpower, from an emphasis on numbers, to an emphasis on skills; from strict human resource categories of white collar vs. blue collar, to the port operations personnel with the capacity to learn/unlearn/be trained/be re-trained to handle automated equipment.

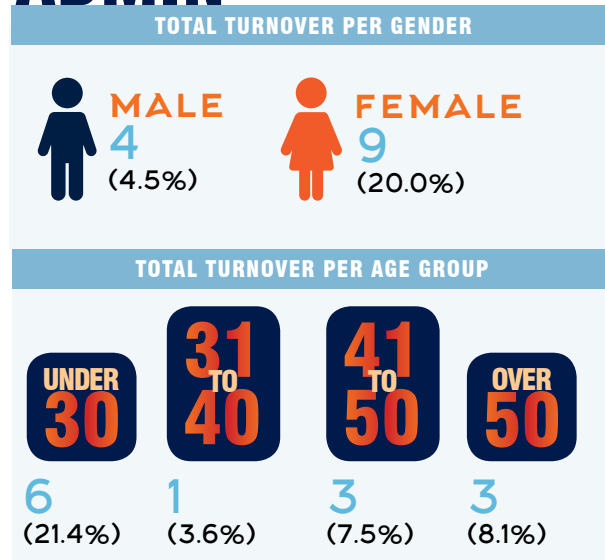
During in-depth discussions on port operations’ employment/jobs generation, the conversation is shifting from direct employment (on-site), to indirect jobs generation through port-catalyzed trade growth, sectoral development, and regional development. For ICTSI’s flagship operation in Manila, the average turnover rate posted during the period in review was 7.09 percent.

MICT TURNOVER¹

OPERATIONS



ADMIN



¹ For figures shown in parentheses, total employee headcount as of end of 2017 were used to calculate the rate of employee turnover

RECOGNIZING EXCELLENCE—IN EMPLOYEES, AND AMONG EMPLOYERS



As ICTSI marked its 25th year in 2013, the gala celebration was attended by clients, partners, employees, investors, members of government and the diplomatic community. However, easily among the standouts of the evening were the first ever 25th Year Service Awardees. These men and women helped bring about MICT’s turnaround from a two-crane port into the Philippines’ premier port and one of the world’s Top 40 container ports.

The Service Award is conferred on employees in any ICTSI port who have been with the company for 20 years at least. The Service Award recognizes these employees’ excellent work, and their invaluable contributions to the corporate community.

For the period in review, Service Awardees were honored across the Group. For instance, MICT’s 2017 Service Awardees included two employees who have been with the company for 25 and 20 years; meanwhile, BIPi kicked off its 19th anniversary celebration by honoring two BIPi Service Awardees who have served the company for 15 and 16 years.

On the other hand, ICTSI and its subsidiaries have also been recognized in their capacity as employers, across a broad range of metrics. Below are two recent examples.

- PICT as one of Pakistan’s Employer of the Year Awardees. In 2017, PICT ranked third among the best employers in Pakistan in the 5th Employer of the Year Award organized by the *Employers’ Federation of Pakistan*.

The award recognizes PICT’s implementation of best practices in management, human resource management and employment practices, compliance with labor laws, core international labor standards and social protection floors, working conditions, CSR, skills training, and adherence to MNE declaration. The MNE Declaration (the tripartite declaration of principles concerning multinational enterprises and social policy) is the ILO instrument that provides direct guidance to enterprises on social policy and inclusive, responsible, and sustainable workplace practices.

PICT has been previously cited: placing third in the overall category of the 8th Best Practices in Occupational Safety, Health and Environment Awards; winning an award during the 10th

Annual Environment Excellence Awards organized by the National Forum for Environment and Health; and, placing third in the overall category of the 8th Best Practices in Occupational Safety, Health and Environment Awards (all in Karachi, 2013).

- SCIPSI and the Investors in People (IIP) Awards. SCIPSI has been recognized for two consecutive years for its excellence as an employer. In 2016, it won the Gold Employer of the Year (International) Award at the annual *Investors in People (IIP) Awards 2016* held in London. SCIPSI was also a finalist for two categories at the 2017 IIP International Awards in London: Excellence in Reward and Recognition, and Excellence in Social Responsibility.

Investors in People sets standards for better people management, with an internationally recognized accreditation that is held by 10,000 organizations across the world. *The Standard* defines what it takes to lead, support, and manage people well for sustainable results. *The Investors in People Standard* is underpinned by a rigorous assessment methodology and a framework which reflects the very latest workplace trends, essential skills and effective structures required to outperform in any industry.

The Gold Employer of the Year award is given to high-performing and high-achieving organizations that show commitment to exceptional practices like involving people, enabling learning, identifying poor practices and ideas for improvement, rewarding ideas, competitiveness, and innovation.

(It is worth noting that SCIPSI had been previously recognized in 2009, in partnership with the Sarangani Marine and General Workers Union. The two parties were co-recipients of recognition from the Philippine National Conciliation and Mediation Board of the Department of Labor and Employment-Mindanao in 2009; they were together cited for upholding the advocacy of dynamic labor-management relations through an effective Labor-Management Cooperation.) The two parties were co-recipients of recognition from the Philippine National Conciliation and Mediation Board of the Department of Labor and Employment-Mindanao in 2009; they were together cited for upholding the advocacy of dynamic labor-management relations through an effective Labor-Management Cooperation.



Christian R. Gonzalez (center), ICTSI's Senior Vice President and head of Asia-Pacific and MICT, congratulates MICT quay crane operator Raldy Lido (left), one of the 40 new owners of a house and lot last October 2017.



ICTSI rolled out an employee rewards program by raffling off new house and lot units to qualified employees of its flagship, Manila International Container Terminal (MICT) in the Philippines.

"We are proud of this unique rewards program for our employees. Only a few Philippine companies have done this—give their employees the opportunity to own every Filipino family's dream: a house and lot they could call their own. We value our people. That's why at the MICT, we enjoy a low attrition rate," says Christian R. Gonzalez, ICTSI Senior Vice President and head of Asia Pacific and MICT.

Roberto Reyes, RTG assistant, and Joel Delos Santos, RTG operator, were two of the house and lot winners.

"Each time we pass by a beautiful house, my wife would always wish we have our own. I just tell her that in time, we will be blessed with one," said Mr. Reyes, who has been working in MICT for 12 years.

Mr. Delos Santos, on one hand, recalled that his prayers were answered when he won. "Winning the house was very timely for my family as we received a notice of our home's pending demolition. My wife and I prayed, praying for a reprieve. I was at work when I heard I won the raffle back in December."

Fostering a diverse workforce

In a number of ICTSI ports, the Company employs an all-local workforce. In others, it is a mix of nationals comprising the majority and complemented by workers from other localities or of other ethnicities.

Such sociocultural diversity, combined with the regulatory environment policies, the particulars of working conditions as dictated by the physical surroundings, all form a complex and intricate port labor environment that is to some degree unique to each port. With operations in over 20 countries in the last 28 years, ICTSI has a track record of skillfully handling such intricacies.

At the same time, ICTSI seeks to ensure the continuity of corporate culture and system of operations across the Group. One way of this is done is via deployment of deserving personnel to different locations. In this way, the Company also provides job stability and career pathing for its best employees.

The following summarize the level of diversity in terms of governance bodies and employees.

DIVERSITY OF EMPLOYEES

BY AGE GROUP AND GENDER (MICT)

OPERATIONS

BY GENDER



BY AGE GROUP

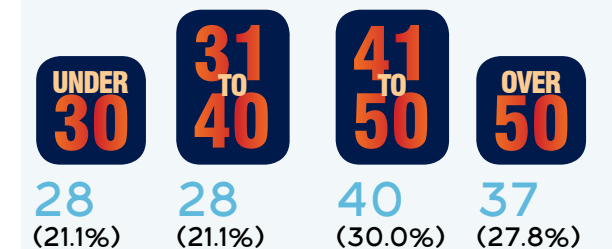


ADMIN

BY GENDER



BY AGE GROUP

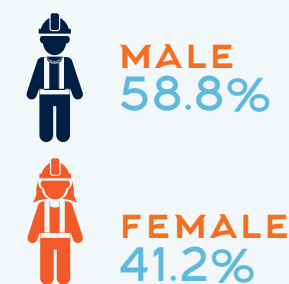


Total number of employees: 1,607

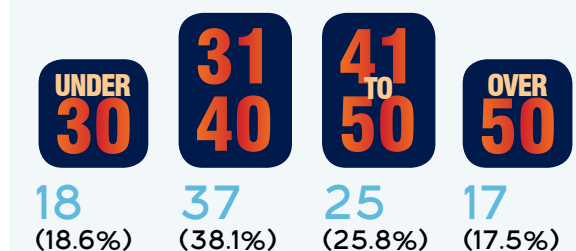
DIVERSITY OF EMPLOYEES¹

REGIONAL HEADS, GLOBAL CORPORATE OFFICERS & EMPLOYEES FOR THE ICTSI GROUP OF COMPANIES

BY GENDER



BY AGE GROUP



¹ Pertains to ICTSI Ltd – Regional Operating Headquarters

Advancing people development & employee welfare

ICTSI's portfolio of container terminals includes projects in emerging markets, along with a select number of more mature ones. Apart from a common corporate culture of excellence, these operations also share a policy of competitive employment packages, from industry- to above-industry-standard compensation, to comprehensive benefits packages.

Among the best practices established at the flagship operation¹ (MICT) and adapted as needed to local conditions in the other ports, are the core benefits and additional benefits packages.

Benefits for full-time employees in MICT include life insurance, free medical consultations, medical and dental benefits, Health Maintenance Organization (HMO), free annual physical examination.

In the Philippines, ICTSI/MICT and Nagkakaisang Manggagawa sa Pantalan Inc.-National Federation of Labor Unions (NMPI-NAFLU) worked together on the new CBA in 2014. This CBA provides for wage increases, health and medical benefits, insurance coverage, support to union programs, among others.

Supporting strong families & societies

The value of maintaining work-life balance is indisputable, especially for employees with families. One essential way that corporate organizations uphold that value is by fostering a work environment where parents, particularly those with newborns, feel confident in their job security: confident enough to optimize availment of parental leaves.

For the period in review, that scenario was evident in MICT, where those who availed of parental leaves were able to return to work and stay gainfully employed.

PARENTAL LEAVES: AVAILMENT, WORK RETURN, AND RETENTION (MICT)

1,115

Total number of eligible employees

100

Percentage of employees that returned to work in the reporting period after parental leave ended

49

Total number of employees that took parental leave

100

Percentage of employees that returned to work after parental leave ended that were still employed 12 months after their return to work

In 2015, ICTSI introduced a new avenue for employees' personal development and fulfillment: the ICTSI Employee Volunteerism Program (IEVP). Envisioned to help generate social value in the form of increased employee engagement and opportunities for unity and teamwork, the IEVP also provides holistic benefits for employees—mainly in the form of enhanced fulfillment and sense of purpose—through volunteer service to individuals, groups or communities, especially from marginalized sectors. (For additional details, please refer to the Society section of this report.)



An employee of Subic Bay International Terminal Corporation (SBITC) watching over the turnaround of containers at the New Container Terminal-1 in Subic, Zambales.

Workplace health & safety

The Group is fully committed to promoting the most stringent safety culture across its business operations.

The Group continues to implement safety programs and improvements across its terminals, which includes among others, various safety induction and training, regular safety engagements with workers, safety audits, establishment of safe working procedures based on risk assessments, usage of safety software application, and deployment of cargo-handling equipment with enhanced safety features.

Supported by the Group's Global Engineering and HSSE Teams, each terminal has a team to review risk control measures, promptly investigate incidents, identify risk trends, and implement action plans with an aim to prevent accidents.

Moreover, the Global HSSE Department strengthens the institutionalization of workplace health and safety management across the terminals—communicating consolidated health and safety performance data and improvement plans to Senior Management for review and support, respectively, and fostering best practices sharing.

ICTSI Compliance with ISPS, OHSAS, & other standards pertaining to Health, Safety & Security

Aside from ensuring that all its business units are at the minimum, compliant with regulatory requirements, the ICTSI Group also continually invests in adopting other international regulations and standards pertinent to health, safety, and security.

In areas where ICTSI actually has a concession agreement in place—with the Company officially empowered to control all major aspects of operations—ICTSI ensures that safety management systems are in place. This is to be distinguished from port/terminal operations covered by limited contracts, where ICTSI is engaged only for a specific service, such as equipment supply, cargo handling, or stevedoring. As a policy, ICTSI prefers long-term concession contracts where it is authorized to apply international industry standards and Company-developed best practices.

These include the International Ship and Port Facility Security (ISPS) Code, the Occupational Health and Safety Management System (OHSAS), and various standards as released by the International Standards Organization (ISO).



ICTSI employees regularly join the Company's annual Christmas Wish Tree Program, playing the role of Santa Claus to a number of unprivileged children across the Philippines



The Pakistan International Container Terminal (PICT) management team, last November 2017, visited physically and mentally challenged individuals under the care of Dar-ul-Sukun home in Karachi.

¹ MICT constitutes the most significant operation in terms of TEU volume and revenue.

All ICTSI terminals/ports that are operational are ISPS Code compliant. ISO OHSAS certified operations are SCIPSI, PICT, YICT, CGSA, CMSA, and OPC. The following ports have other ISO certifications, as stated: BCT - ISO 22000:2005 Food Safety Management System; MICTSL - ISO 28000:2007 Supply Chain Security Management System; CGSA - ISO 28000:2007 Supply Chain Security Management System, and BASC for Safe and Secure International Trade; and, CMSA - ISO 28000:2007 Supply Chain Security Management System.

(The overview of ICTSI's ISO Environmental Management System compliance is presented in the Environment section of this report, while compliance with the ISO Quality Management System is summarized in the Governance section. The consolidated listing of ISO management systems certifications, ISPS Code compliance, ISO OHSAS, and other certifications may be found in the ICTSI 2017 Annual Report [SEC Form 17-A]).

It is to be noted that MICT was ISO 9002-certified in 1999, and subsequently set the pace for Group-wide ISO rollout. For its part, CGSA in Ecuador received four ISO certifications from the Bureau Veritas of Ecuador in 2009, becoming the first Latin American container port to be ISO certified.

ICTSI operations in Manila and in Brazil set the pace for compliance with the ISPS Code in their territories. MICT was the first port facility in the Philippines to have been issued a long-term credential, a five-year Statement of Compliance of a Port Facility (SCPF) certificate, by the Philippines' Office of Transportation Security (OTS). TSSA in Pernambuco was the first port in Brazil to be certified ISPS Code compliant and became a benchmark for the certification of other Brazilian ports.



At Puerto Cortes, Honduras, Operadora Portuaria Centroamericana (OPC) regularly conducts full-scale security exercises in compliance with the ISPS Code. Multiple scenarios including attempted unauthorized entry, bomb threat, electrical system sabotage, medical emergencies and fire outbreak were carried out to test the terminal's safety and security.

ICTSI's safety management system and its framework of standards, certifications, and regulations, cover several critical aspects. These include:

- **Secure access.** With ISPS Code regulations strictly in place, ICTSI controls secure access to port premises. For instance, in MICT, an access card is required, facial recognition systems are in place for truckers, and all visitors to the port facility pass through the Personal Protective Equipment (PPE) room, to don the PPE gear, without which access to the port will be denied.
- **Personal protective equipment.** For employees, the Company regularly provides the supply of requisite PPE. (Under the MICT CBA, for instance, each employee receives five sets of PPE annually, thus ensuring that PPE quality is maintained and not compromised by constant use.) Task-specific PPE/gear is also provided: for instance, safety harness to provide fall protection for workers working at heights.
- **Contractor management.** Under the Company's contractor management system, ICTSI only partners with contractors that have their own safety management systems in place. This also covers the work permitting system, mandatory prior to engaging in port activities or tasks that are deemed high-risk.
- **Port user training and management.** To ensure their safety and security, truck drivers, who constitute one of the major port users, are provided a registration system. This helps regulate access to the port, and keep it limited to authorized parties. Daily briefings are done to help orient truck drivers on safe and secure conduct of their business transactions within port premises (e.g, briefings on terminal layouts).



Trucks pass through various security control points in a terminal. Such practice is fully implemented across all ICTSI ports, like the ones at the Port of Toamasina in Madagascar.



PARTNERING WITH GOVERNMENT AND OTHER STAKEHOLDERS FOR SAFETY AND SECURITY

Subsidiaries undertake safety and security training activities at their respective facilities, usually in cooperation with government agencies and HSSE organizations.

In one such full-scale activity carried out by Operadora Portuaria Centroamericana (OPC) in Honduras, OPC followed ISPS directives that required security exercises involving multiple scenarios. These scenarios ranged from attempted unauthorized entry, electrical system sabotage, bomb threat, and fire outbreak.

The full-scale security exercise was held in coordination with the Red Cross, fire department, army bomb squad, the municipality, and the Contingency Commission. Post-exercise meeting, debriefing and evaluation helped identify areas for improvement.

In Karachi, PICT organized large-scale emergency drills involving occupants of the terminal's three major buildings. A total of 229 employees, contractors, and customs clearing agents participated. During the drills, the PICT ERT called the Port Fire Service using the KPT Call Point, a wireless based system. The ERT also demonstrated the Standard Operating Procedures for dealing with emergencies, and the proper use of emergency response equipment.

PICT management also enhanced the safety with several measures, including the retrofitting of reach stackers with cameras, to assist personnel when operating equipment in reverse. On a separate occasion, PICT also organized quay crane rescue exercises for the PICT ERT. Given the complexity of such a rescue scenario, the exercise emphasized proper protocols in safely extracting an operator from the STS cabin using a universal rescue stretcher.

Thinking outside of the box, PICT Management marked the International Day for Safety and Health at Work by organizing a drawing contest for children of its employees. The 95 posters submitted creatively presented the case for workplace safety.

ICTSI Equipment Maintenance

Another major area that has an impact on port safety is equipment condition monitoring and maintenance measures. These are constantly being enhanced, with an eye, not only towards minimizing downtime, but also towards reduction of equipment-related incidents.

Formal corporate policies are issued to address maintenance of the critical components such as the structure, hoisting mechanisms, twist locks, safety devices interlocks and load path

crane components. On a regular basis, the Group commissions structural professional consultants to provide testing of equipment, such as crane structures.

Purchase of wire ropes are always accompanied with load test certificates. Wire ropes installed on different container handling equipment are monitored and tested for defects through visual and mechanical inspection and discarded from usage based on established discard criteria. All these activities are recorded and maintained as part of the ICTSI Group's Asset Management System.



MICT: Collaborative efforts in worker safety & security

MICT has a formal joint management-worker health and safety committee. It operates at the top management level where representatives of the Union sit. (Similar structures have been put in place in the other operating terminals of ICTSI.)

In these formal joint management-worker health and safety committees, all workers are covered.

Since 2002, in behalf of MICT, ICTSI has been maintaining effective working relationships with the NMPI-NAFLU, the bargaining unit for MICT workers, and with the Anchorage Labor Union-ICTSI-NAFLU (ALU-ICTSI-NAFLU), the bargaining unit for the MICT Anchorage Division.

These effective partnerships have been recognized previously, such as when MICT was conferred the Outstanding Achievement on Industrial Peace and Harmony Award by the Employers Confederation of the Philippines (ECOP).

Partnerships such as these have also helped ensure an increasingly competitive and comprehensive package of benefits (especially benefits pertaining to health, safety, and welfare) for MICT employees.

The latest Collective Bargaining Agreement (CBA) implemented in 2014 covers practically every aspect of Health and Safety of Employees, such as but not limited to:

- Safety training;
- Medical and accident insurance; and,
- Access to free medical and dental services at the company premises and many accredited clinics and hospitals across the county, with access to the MICT standby ambulance.

MICT conducts health and safety trainings based on specific job role analysis, promoting wellness and allowing personnel to more effectively mitigate risks associated with their work activities.

At MICT, workplace safety and security are prioritized and promoted across all aspects of operations. Key examples include:

- Policies establishing optimal work and rest periods have given rise to in-house-developed innovations such as Microster. At MICT, the program systematizes deployment of workers. The innovative program also enables effective management of personnel safety aspects such as work-related fatigue.
- Accident prevention measures include Tool Box Meetings in different sections, where workers are reminded of or reoriented in terminal guidelines and procedures as well as safe working habits.
- Safety Officers have been given greater mobility and visibility. Roving inspections and monitoring cover access points, container boxes stacking, vessels, potholes, housekeeping, and other aspects.
- Safety equipment and facilities are also provided. These include the annual supply of proper PPE while on duty (e.g., hard hats, uniforms with reflectorized safety vests, gas masks, safety shoes, etc.). Aside from the basic PPE, special safety tools and equipment (gas tester, harness, etc.) are also being provided to personnel to help them complete their jobs safely and efficiently.
- The port also adopts a "Zero Tolerance" policy for non-compliance with safety rules / policies such as the "maintenance of a drug- and alcohol-free workplace" (e.g., dismissal of employees with "positive" results in initial and confirmatory drug testing). Regular reporting of work accidents and related illnesses is rigorously observed.

Safety Training and Development as well as Accident Prevention Seminars are for ICTSI and MICT employees, and all port users (contractors, trucking industry, the public/visitors). These activities emphasize health and safety principles, policies, regulations, practices, and procedures. These training activities cover:

- Fire Prevention and Suppression
- Fire Explosion
- First Aid with Basic Life Support
- Earthquake Preparedness
- Chemical Safety

Due the nature of the business, specialized training is also available, such as:

- Handling of Dangerous Goods Course
- Dock Work Safety and Health Course (refresher for equipment operators)

Besides setting the pace in ISO Certifications and ISPS Code Compliance, MICT also complies with regulatory requirements of the following:

- Department of Transportation
- Philippine Ports Authority
- Department of Environment and Natural Resources
- Department of Labor and Employment-Bureau of Working Conditions
- Bureau of Fire Protection

AT THE FOREFRONT: EMERGENCY RESPONSE TEAM

Ready for action, 24/7, the MICT Emergency Response Team (ERT)—with its 60 members from various departments—is trained and equipped to respond to various emergency situations.

- ERT members continuously undergo specialized training and seminars on Earthquake Preparedness, with Phivolcs representatives structuring an earthquake simulator; Fire Fighting, with assistance from senior officers of the local Bureau of Fire; First Aid; and the like.
- The MICT clinic is open 24 hours for ICTSI employees and their family members, and a medical team equipped with an ambulance is ready to respond to emergencies inside the terminal. A fire truck unit is also on standby at the MICT.
- ERT maintains close coordination with Safety and Operations Officers and Staff.



The MICT ERT periodically holds drills and training activities to reinforce the culture of workplace safety and emergency preparedness. A recent run of the firefighting drill involved MICT ERT members and several contractors working on ongoing projects, with a senior officer of the Bureau of Fire Protection supervising the exercise. Personnel from different departments also take part in periodic firefighting seminars and drills.



INJURIES AND ACCIDENTS

Most of the injuries that occurred in the reporting period were minor in nature and required only first aid treatment. On the other hand, occupational illnesses reported and recorded last year were also minor in nature and most were readily attended to and treated by company medical personnel. Regrettably, five fatalities (including 1 contractor) were recorded Group-wide for this reporting period. The Company continues to implement strategic occupational health and safety improvement programs aimed at addressing hotspots/risk focus areas and avoid preventable fatal accidents from happening again. This includes conducting comprehensive incident investigations focused on determining real root causes and implementing sustainable corrective actions.

Apart from preventive measures on-ground, (e.g., at the equipment operations areas), the Company also provides access to learning activities focused on health issues and self-care. In 2017, for instance, ICTSI Head Office personnel from various departments attended a health and wellness seminar organized by the Global Corporate Human Resources. Focusing on hypertension and stress management, the session is one of a series of quarterly seminars on the top dreaded human diseases, and how these can be avoided.

INJURY RATES (ICTSI GLOBAL)

LOST-TIME INJURY FREQUENCY RATE (LTIFR)

6.2



ICTSI safety units regularly conduct fire and explosion drills with local authorities. Photo shows an emergency simulation exercise at the MICT.

Unifying people around a culture of excellence — in performance, health & safety, and security

In its various port developments, ICTSI has supported a policy of inter-company training, where qualified officers and personnel—veterans and subject matter experts—from the more mature ICTSI operations are deployed to other ports. Their mission: to instruct, train, coach/mentor locally, or newly-hired personnel in the corporate culture and policies, organizational and business procedures and systems, port technology and equipment, health and safety, security, and so on.

Through this ongoing knowledge exchange and technology transfer, best practices sharing, cross-training and mentoring, ICTSI effectively leverages the strong safety performance of the more mature terminals as the Company progressively enhances operations, elevates standards, and strengthens capabilities in the newer operations, especially those in developing markets. The broad goal is to bring the culture of excellence to all functional and geographical areas of operations.

In 2017, Adriatic Gate Container Terminal (AGCT) partnered with Basra Gateway Terminal (BGT) to develop the latter's training program for operators of new RTGs in BGT. BGT is the first terminal in Iraq to use RTGs, which will be deployed at the newly completed Berth 27.

Counterparts from AGCT and BGT worked together closely, training a group of RTG operators on safe and efficient RTG operation, Navis systems, and equipment maintenance. The AGCT-BGT cooperation is part of BGT's broad, five-phase training program highlighting performance and safety. The program covers theory, simulator training, hands-on, competency/skills testing, and certification.

(In a related development, one such simulator unit has also been fielded to the MICT. The simulator can be used to boost proficiencies in handling quay cranes, RTGs, mobile harbor crane, prime movers, and reach stackers.)

WHERE "SAFETY FIRST" MEETS "VALUE-ADDED"



VICT, ICTSI's terminal in Melbourne, Australia, is the country's first fully automated port—and arguably one of its most sustainable, especially in terms of impact to the surrounding community, and in worker health and safety.

Apart from the very first terminal in Australia that can accommodate the largest Neo-Panamax container ships, VICT also has a value-added service that is anchored on its passion for "safety first": the on-site Verified Gross Mass Measurement VGM weighing facility that uses Load Sensing Technology.

WHAT IT IS: Load Sensing Technology for Verified Gross Mass Measurement is a facility for measuring—with a very high degree of accuracy, as required and certified by the appropriate government agency—the gross mass of a container.

WHY IT'S PIONEERING: This is the first time a container terminal is offering a value-added service, the "weigh-at-terminal option," making it possible for shipments to be weighed in 10 seconds. No need to send trucks elsewhere for weighing; no risk of guessing/estimating that leads to misdeclaration of actual container weight.

WHY IT MATTERS: The International Convention for the Safety of Life at Sea (SOLAS) stresses that knowing the accurate gross mass of a packed container is critical to ensure correct stowage and stacking. Incorrect stowage and stacking can lead to, among many other untoward events:

- Possible injury to ship/port workers, and losses of life in the case of compromised ship stability;
- Cargo damage or loss due to collapse of container stacks, or loss overboard; and, most seriously
- Extra costs attributed to delays if containers need to be re-stowed.



A secure truck holding area at VICT.

Training opportunities at MICT

ICTSI has a policy of providing training opportunities aligned with the requirements of the local operations, based on the principle of supporting for employee development and welfare. In MICT, the flagship operation, employees regularly undergo skills- and task-related training, as well as broader education on the profession/industry.

Under Organizational Development, Behavioral Training opportunities are provided. These include: Behavioral Based Safety Training Program, Team Building, Interaction Management, Basic Management Programs and Leadership, Ports Operation and Strategy, Ports Planning and Design, Work Attitude and Values Enhancement Seminar/Tatak ICTSI, Customer Service, Employee Discipline Workshop, People Management Conference, Labor and Employee Relations Summit, PSQI Leadership Training, and STAR Program for Supervisors.

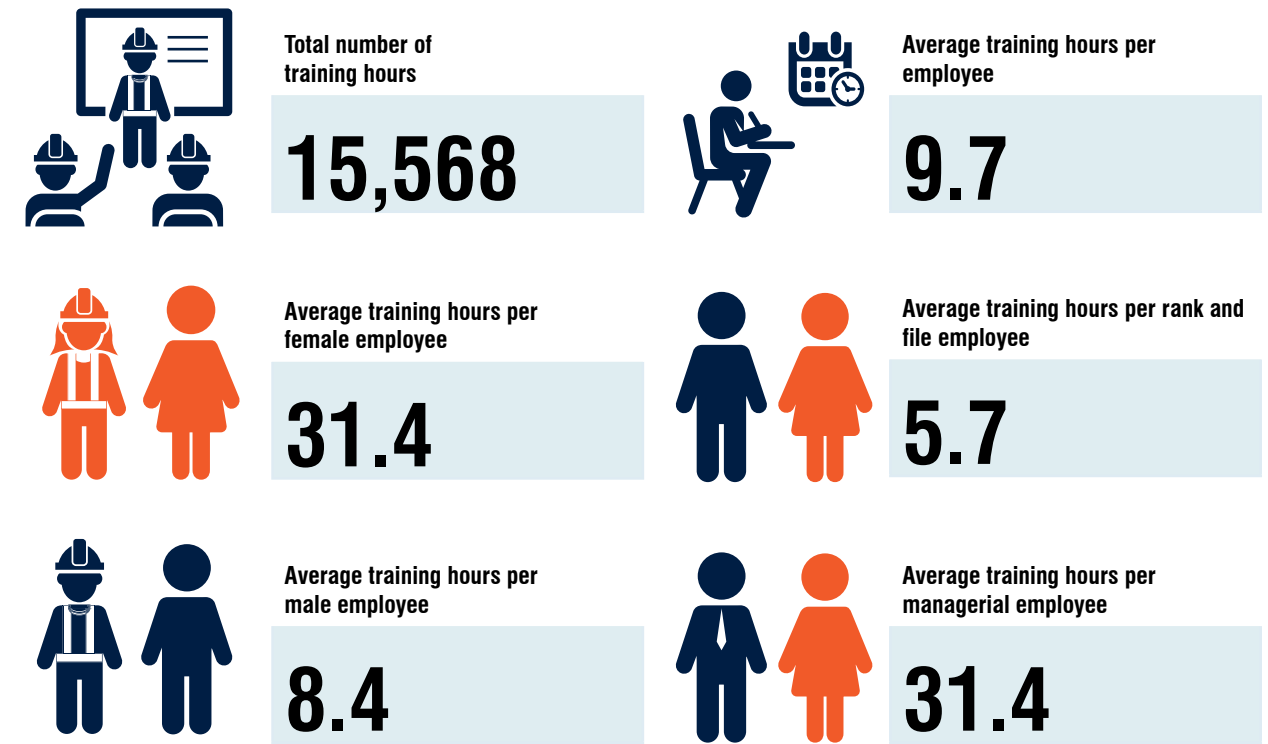
Technical Training for Skills Enhancement covers the following: Reach Stackers, Quay Cranes, Rubber Tired Gantries, Sidelifter, Hatch Clerk Training, Crosby Rigging Training, PISM Purchasing and Supply Chain Training, NIAT Bookkeeper Certification, Certified Management Accountant Program, Digital Communication & Branding, CISCO CCNA Switching and Routing Course, and Basic Non-Life Insurance.

Company Orientation Programs cover topics such as: Operations for Non-Operations staff, government mandated benefits, health insurance coverage, counterfeit detection, Claims for Non-Claims staff, ISO Workshop, and CFS Warehousing. There are also orientation sessions for newly-hired employees, as well as retiring employees.



An employee of Basra Gateway Terminal (BGT) tries out the new port equipment simulator commissioned at the Manila International Container Terminal (MICT), designed to further enhance the performance of equipment operators across all ICTSI ports.

TOTAL TRAINING HOURS



Supplementary Training Programs and Scholarships



- South Cotabato Integrated Port Services, Inc. (SCIPSI). In 2017, employees engaged in stevedoring work were given the opportunity to enroll in the Philippine Department of Education's Alternative Learning System (ALS). Upon completion of the program, which runs for several months, the participants can take the Accreditation and Equivalency Test and ultimately earn an ALS diploma, en route to college or Technical/Vocational education.
- MICT. In 2017, livelihood assistance was extended to families of MICT employees residing in Parola, through a TESDA-accredited training program spearheaded by the MICT's Sustainability and Development Unit (SDU), in partnership with other organization such as the Ang-Hortaleza Foundation, Inc. Additionally, scholarship grants for selected TESDA courses were offered to 10 dependents nominated by RVV Maintenance and Security, the official maintenance and security services provider of the MICT.



In 2017, the All Pakistan Customs Agents Association recognized Pakistan International Container Terminal in Karachi for its leadership in trade facilitation and business.





Basra Gateway Terminal employees are ready to assist crew members at the terminal's Berth 19 in Umm Qasr, Iraq.

STRATEGY & PERFORMANCE
SERVING CUSTOMERS

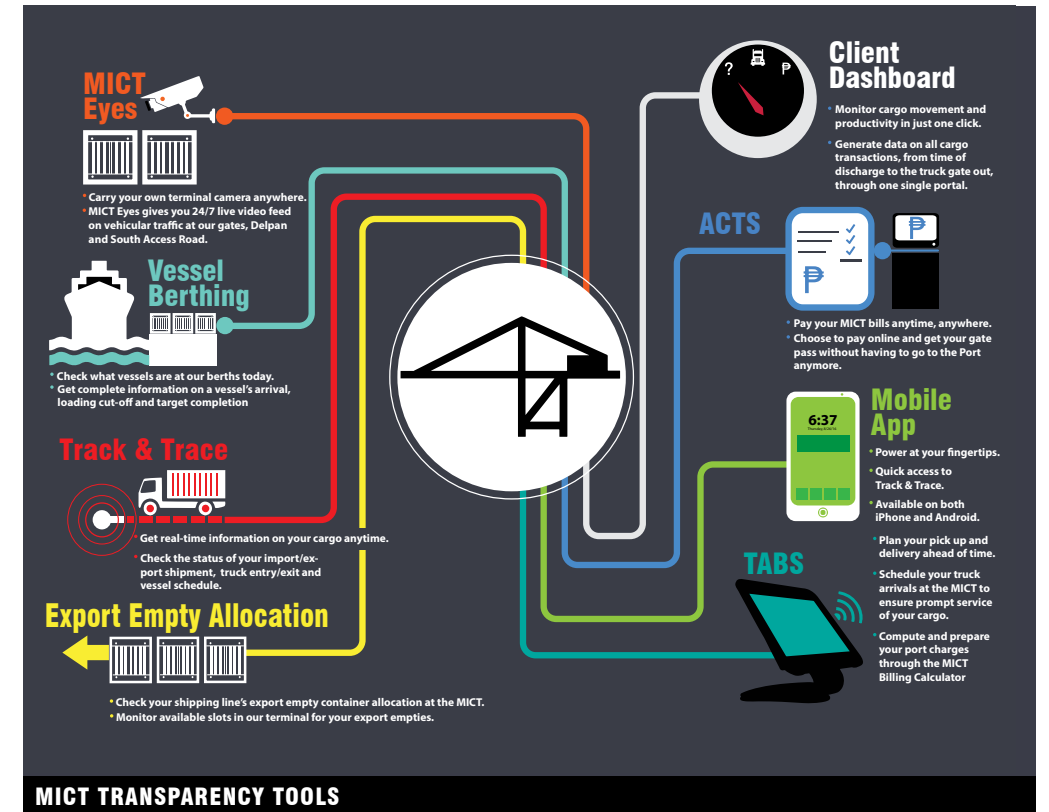
Promoting our Customers' Interests

Guided and informed by insights drawn from sustained efforts at stakeholder engagement, ICTSI continues to implement projects aimed at improving services for its customers.

The following overview of highlights of customer service enhancement policies and activities pertain specifically to MICT's commercial clients and other port users: shipping lines; cargo owners/shippers; and landside/hinterland logistics players such as independent brokers, along with freight forwarders, especially trucking companies and the truck drivers; and government agencies such as the Philippines' Bureau of Customs, and industry associations (such as trucking associations) with satellite offices or operations within the port premises.

- Establishment of the MICT Customer Experience and Sales and Marketing Teams;
- Provision of MICT Transparency Tools;
- Total revamp of the billing system and cashing services;
- Improvement and implementation of old and new port system procedures such as Terminal Appointment Booking System (TABS);
- Equipment investment and port facilities improvement, and,
- The implementation of dredging projects, among others.

A more detailed discussion of the activities may be found in the ICTSI 2017 Annual Corporate Governance Report.



EKR MEETS HEAD OF COSCO

Enrique K. Razon Jr., ICTSI Chairman and President, recently met with Capt. Xu Lirong, COSCO Shipping Chairman, at the COSCO Shipping Line's headquarters in Shanghai, China.

The two leaders discussed strengthening the relationship between their respective companies and exploring opportunities for collaboration and terminal operation. ICTSI is proud to have COSCO as a valued client in a number of our facilities across the globe.



Two leaders meet in Shanghai (from left): Tico Wieske, ICTSI Vice President and Head of Global Commercial; Mr. Razon; Christian R. Gonzalez, ICTSI Senior Vice President and Head of Asia Pacific, meet with COSCO executives led by Mr. Lirong (right side of the table, second from right)

CUSTOMER SERVICE ENHANCEMENT ACTIVITIES

1. Established an MICT customer experience team, which includes Customer Care, Concierge and Reception, to handle day to day client requirements/complaints/assistance and the likes;
2. Established an MICT sales and marketing team tasked to do regular sales call as well as implement events, programs and projects that will increase customer interaction and efficiency in addressing customer concerns;
3. Implemented MICT Transparency Tools such as Track and Trace, Vessel Berthing Schedule, Export Empty Allocation, TABS Slot Usage Page, MICT Eyes, MICT Advisory, MICT Client Dashboard and MICT Mobile App that allow customers online access to status information on their containers, vessels and port charges via desktop, laptop or mobile phone;
4. Implemented an MICT Advisory system to deliver "important announcements to clients via email";
5. Implemented a total revamp of the billing system and outsourced its cashiering resulting in faster queuing time for clients; and allow remote payment supported by more banks, therefore decongesting client traffic and onsite personal transactions at the billing lounge;
6. Invested in new equipment to improve yard and vessel operations;
7. Improved port system procedures to provide faster and more efficient service;
8. Implemented dredging projects and acquired own dredger to facilitate terminal's frequent dredging requirements;
9. Expanded container yard and operational areas;
10. Provided free shuttle service to/from MICT from/to Lawton and Del Pan, using brand new and air-conditioned vehicles;
11. Provided an affordable cafeteria open to all port users;
12. Enforced Pre-Advise system and implemented the Terminal Appointment Booking System that resulted in improved truck flow and faster turnaround time;
13. Opened the Laguna Gateway Inland Container Terminal and soon to open the Cavite Gateway Terminal that will eventually provide railway and barge transfer options for customers in South Luzon;
14. Developed an online Client Dashboard that will allow key customers to get summary reports of their containers at MICT;
15. Launched the MICT Mobile App that provides features like the Track and Trace, Vessel Berthing Schedule, CCTV and a Billing Calculator to allow customers real time information on their shipments;
16. Launched the MICT Customer Survey which will be done quarterly to measure customer satisfaction and identify areas for improvement;
17. Relaunching of official website (2018) with new features to improve the overall customer experience;
18. Participation in port community related events to ensure the port user community is always updated on the current situation of MICT's overall terminal health;
19. Regular upgrading of Terminal Operating System (NAVIS);
20. Rehabilitated South Access Road (2017) to improve passage for trucks going to and from MICT;
21. Provision of truck holding area in Spurline; and,
22. Clearing of the outbound access road to provide a safe walkway for pedestrians.

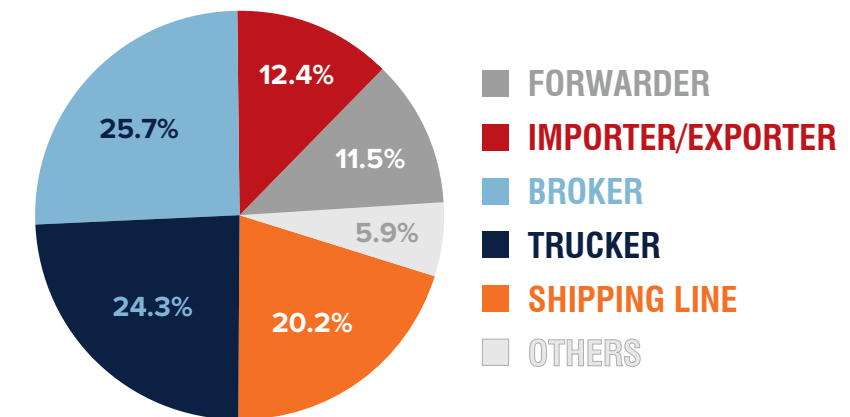
Customer Satisfaction Survey

Launched in 2015, the MICT Customer Survey is done quarterly to measure satisfaction and identify areas of improvement by hearing from customers themselves. These are part of the overall efforts to continually enhance service levels.

The MICT Customer Satisfaction Survey focused on the following objectives:

- To measure the quality of service provided by TABS, Track and Trace, Billing, Operations, Customer Care Team, and overall performance of the terminal.
- To identify areas of gaps to ensure improvement in the service of MICT.

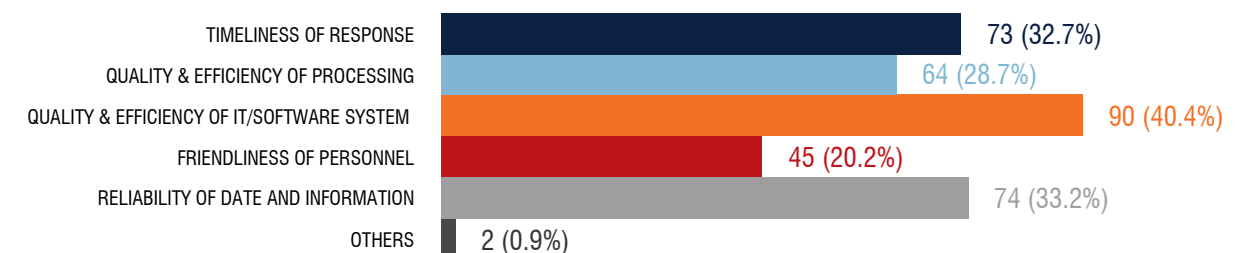
The 218 respondents ranged from Supervisor level to Senior Management level.



The survey included the following categories: TABS System, Transparency Campaigns, Billing (Self-Service Kiosk and Billing Team), Operations (Yard and Vessel), Customer Care Team, and MICT overall service. Highlights of the results included:

- **TABS.** TABS reliability was pegged at 95 percent; ease of navigation at 96.3 percent; and, availability of assistance, at 92.5 percent. Respondents noted that the system is "continuously improving," "eased the traffic and congestion," "easy to access," and "helpful."
- **CUSTOMER SERVICE TEAM.** The team was rated by respondents as follows: "knowledgeable and professional" (99.5%), "responds to inquiries in a timely manner" (93.2 percent), "courteous" (99.5 percent), and "communicates clearly" (98.6 percent). Concerns were raised about the ease of contacting the trunk line, and improvement of 24/7 assistance.
- **MICT PERFORMANCE.** Of the 221 responses to the question of satisfaction with the overall service of MICT, 95.9% answered in the affirmative. Comments and suggestions raised included the additional slots for empty containers and provision for a better waiting area for truckers and other port users.

Ratings for specific indicators of overall customer service performance were as follows:





SAP-GT GOES LIVE AT MICTSI

Mindanao International Container Terminal Services, Inc. (MICTSI) rolled out the SAP-GT accounting system to streamline accounting-related processes for ease and efficiency. Photo shows Kenneth June Hinlo (left), MICTSI Senior Application Staff, and Jose Mari Fernandez, MICTSI Terminal Manager presenting the first SAP-GT approved purchase order during the go-live event.

Digitalization of trade & stewardship of customer data

Undeniably, the information economy has transformed the world: first, by increasing convergence and linkages; second, by establishing disruption as a norm; and third, by enjoining technology in the advocacy for inclusion, and the reduction of glaring socioeconomic disparities between and within nations. A key feature of this digitalized world is ecommerce, across both business-to-business as well as business-to-consumer models.

Nevertheless, even as e-commerce has boosted both the speed and volume of global containerized trade, it has also brought on a whole slew of challenges and risks. Of particular concern to all major stakeholders is the call to secure digital assets, and in particular, safely steward customer data and privacy.

Port Technology in MICT

In all its operations across Asia Pacific, the Americas, Europe, the Middle East, and Africa, ICTSI has extensively invested in and implemented innovation.

ICTSI supports the data privacy / data protection regulations in the territories where it operates.

In the Philippines, MICT has pioneered port transformation, particularly the conversion from largely-manual operations to real-time integrated electronic Terminal Operating System (TOS).

Technology and innovation have driven baseline port capacity of 330,000 TEU in 1989 (annual volume handled, when the newly-privatized terminal completed its first full year of operation) right up to today's 3 million TEU capacity.

On the software side, applications are sourced from best-in-market providers/vendors, and subsequently customized or adapted to local conditions; or, developed in-house by MICT Information Technology Systems and Services.

A major recent initiative was the development, implementation, and continuing fine-tuning of the MICT TABS. TABS uses online appointments for booking import and export containers, ensuring optimized truck volumes for reduced dwell times in the terminal.

(A detailed discussion of TABS, especially its role as a game-changer in broad-based reform across the container flow, is presented in the Economic section.)

OVERVIEW OF MICT PORT TECHNOLOGY



ICTSI pioneered port operations computerization in the Philippines: procuring best-in-market hardware and software, and developing programs in-house.

Operations

- **NAVIS ECN4** – Real-time graphical planning and control system for container terminals, with modules for advanced optimization. Web-based, it governs container logistics and operations movements.
- **TOPMAN** – Terminal Operations Management System, developed in-house. Provides real-time data on container terminal operational efficiency and productivity. Dashboard perspective of operations and activities includes:
 - **Gate Automation System** – Portals and gate lanes have OCR cameras to auto capture data from passing containers/trucks; data is cross checked with Navis for validation and truck gate-in is processed sans manual intervention.
 - **Crane OCR System** – Berth 6 cranes are equipped with OCR cameras that automatically capture container and truck data as the boxes are being hoisted to the vessel or lowered to the truck. Data is automatically sent to Navis.
 - **Terminal Appointment Booking System (TABS)** – Using online appointments for booking import and export containers, TABS ensures optimized truck volumes for reduced dwell times in the terminal.
 - **Track & Trace (T&T)** – Allows customers to securely search online and retrieve real time status on containers, trucks, and vessels; offers SMS container status notifications option.
 - **MICT Mobile App** – Apple and Android compatible, it gives customers a personalized dashboard with Track & Trace functionality, Billing Calculator and others.
 - **MICT Eyes** – Customers can access real-time feeds of terminal areas (e.g., gates, pre-gate, access roads).

Billing and Administration

- **Automated Customer Transaction System (ACTS)** – Online and onsite system developed together with the Philippine Ports Authority, Bureau of Internal Revenue, Bureau of Customs and ICTSI partner banks.
 - Fully supports easy and convenient customer experience with Self-Service Kiosks, Internet Module, and electronic and other payment options.
 - Enhances efficiency through streamlined billing and collections processes.
 - Promotes more effective e-governance and more sustainable operations, via access to complete, accurate, timely, and synchronized information for customers and internal users; Internal Audit-compliant Billing and Collection processes; and, use of mainstream technologies for automated, paperless transactions.

Government Integration

Electronic-to-Mobile (E2M) Interface – The Philippine Bureau of Customs' Electronic-to-Mobile, covering all processes that imported cargo go through (from import documents filing to release from MICT). This internet-based and wireless technology promotes effective and transparent customs processes.

Radiation Portal Monitors (RPMs) – To further increase security measures at the Port of Manila, the U.S. Department of Energy, through its Megaports Initiative has deployed radiation detection systems at the MICT, designed to help deter, detect, and interdict illicit shipments of nuclear and other radioactive materials which might pass through international gateways, such as seaports.

Safety And Security

Closed Circuit Television (CCTV) – As an integral part of everyday operations, MICT has installed CCTV cameras securing the entire terminal and other important buildings/facilities within the MICT complex.

Data Privacy Act of 2012

All Philippine operations, including local subsidiaries and its shared services unit, ICTSI Asia Pacific Business Services, Inc. (APBS), are working towards its full compliance of the Data Privacy Act of 2012 or Republic Act 10173. The final Implementing Rules and Regulations (IRR) came into effect in September 2016.

The law covers collection, handling, and security of personal information, and mandates companies with at least 250 employees, or which process sensitive personal information of at least 1,000 people, to register with the National Privacy Commission (NPC) and comply with provisions of RA 10173.



As of 2017, ICTSI's review of Company policies and processes was ongoing. In light of the release of the IRR, ICTSI had:



INTERNATIONAL SHIPPING LINES BULLISH ON SUBIC FREEPORT

Various shipping lines and logistics companies have selected Subic Freeport Zone as one of the gateways into the Philippines in large part due to Subic Bay International Terminal Corp. (SBITC)'s efficient management of New Container Terminals (NCT) 1&2 in the Subic Freeport Zone.

Hong Kong-based *SITC International Holdings Co., Ltd.*, another leading shipping logistics company in the intra-Asia area have also expanded and included the Subic Freeport Zone as a gateway due to SBITC's efficiency and quality in their cargo and container handling services.

MCC Transport, a Singapore-based cargo-shipping specialist for the *Maersk Group*, the largest container ship and supply vessel operator in the world, utilized SBITC terminals in December 2014 to increase its presence in the Central and Northern Luzon market.

SITC Container Lines stated that SBITC contributed to the company's success in tapping the Filipino market by opening opportunities for their clients from Northern Luzon to lessen costs in delivering products to their target market.

MCC Transport provides feeder services for a wide range of regional and global beneficial cargo owners and manages *Maersk's* Intra-Asia containerized cargo.

SITC shipped a significant volume of cargo last year and is now looking to expand its trade route this year in order to connect North and Central Luzon clients in Subic to major markets in Asia.

"Since our partnership began, SBITC has become one of the key drivers in expanding our footprint in the Philippine market. The terminal is an excellent alternative gateway to Manila, and through a flexible approach and deep commercial understanding of SBITC's management, we see positive developments in our efforts to boost volumes into and out of Subic," *MCC Transport* said.

On the other hand, Taiwanese container transportation and shipping company *Evergreen Line*, has also partnered with SBITC in April last year. Since its partnership, the shipping company is looking to continue its engagement with SBITC.

"We are now focused on targeting our VIP clients to use Subic port and are also working on the second sling in Subic in 2018," said *Evergreen Shipping Agency Philippines Corporation*.



NEW SERVICE LINKS YANTAI TO SOUTHEAST ASIA

Yantai International Container Terminal celebrated the launch of COSCO's SE Asia service at the Port of Yantai in Shandong, China.

The launch of the new weekly service connecting Yantai to the main ports in SE Asia was marked by the maiden call of CSCL Sao Paolo. More than 100 guests from the Yantai municipal government, COSCO shipping, Yantai Port Group, and other local shippers witnessed the loading of the first export container to the vessel, which left the terminal with 162 full containers (175 TEUs) on board.

ICTSI's purchase of 34.8% ownership of Manila North Harbour Port, Inc. (NorthPort), domestic passenger and cargo handling concessionaire at the Port of Manila, is a vital move that introduced operational efficiencies and seamless interface between local, NorthPort, and international, MICT, trade facilitation. The improved cargo movement at the Port of Manila, the primary hub of Philippine trade, rebound to economic benefits with Metropolitan Manila as the immediate beneficiary of a synergized supply chain.



ICTSI, in recent years, had set its sights towards unlocking the potential of many untapped markets, especially in Africa. Matadi Gateway Terminal, the most important port along the Congo River, has been a prime mover driving the growth of the DR Congo economy.



STRATEGY & PERFORMANCE
IMPROVING SOCIETY

Livable Port Cities & Long-Term Development Partnerships

For ICTSI, the long-standing adherence to corporate stewardship on one hand, and the equally long (if only more recently formalized) advocacy of development partnerships on the other hand, are two commitments anchored on the same principle: an eye towards long-term good, across borders and generations.

The matter of community impact has always been a vital concern for ICTSI, dating back to the Company's establishment and its bid for the then-newly-privatized MICT.

In the Philippines, the National Capital Region—otherwise known as Metro Manila—is composed of 17 local government units (LGUs): 16 cities and one municipality. Of these cities, Manila has been the most important historically, considered the capital of the country, and home to Manila Bay, in which is nestled the Port of Manila. The Port (of which MICT is the premier container facility) is within the Tondo district, specifically, what is known as the Parola community.

As ICTSI has grown, its focus has remained largely on acquiring, building, or redeveloping international container terminal facilities with total annual throughput in the 50,000-3,000,000 TEU range. This is primarily in developing economies, where the Company can effectively parlay experience and expertise gained from and honed in the Philippines. In these markets, concerns over sustainable economic development often touch on providing greater opportunities for marginalized and vulnerable sectors—in particular, the youth.

ICTSI sees the role that its port projects play in the accomplishment of national and even regional development goals for nations; it also sees the manifold impacts that ports, which are often located in port cities, may have on the quality of life in these communities, and in their hinterlands, as well.

However, it is a fact of port sector work that people—community residents, business district and commercial center workers, commuters, motorists, pedestrians—do not easily visualize the larger supply chain context. It is not always easy to correlate how a port helps ensure the timely availability of food, clothing, medicines, materials for shelter, school and office supplies, and all other manner of goods used in the simple daily business of living.

Yet, it is readily visible when trucks leaving a port seem to clog up a busy street on rush hour, and felt when nighttime berth and yard activities generate enough noise and light to disrupt sleep for residents of nearby areas.

The responsibility to prevent, mitigate, and eradicate negative port impacts is an ongoing and challenging one. For privatized ports such as the MICT, the matter is within the purview of effective public-private sector-community relationships. Constant multi-stakeholder consultations often lead to solutions ranging from more responsive government policies, to innovative business processes and procedures.



As part of its concession, Victoria International Container Terminal not only commits to be a good corporate citizen in the city of Melbourne, state of Victoria, and the nation of Australia; but more importantly, a strategic local partner of the Webb Dock community.



Unlike the usual port lighting—high-pressure sodium lamps that emit an unnatural dim and scattered orange light, the plasma luminaires prevent light spill and night sky glow. VICT expects to reduce energy usage by up to 70 percent using this innovative solution.

VICT: A QUIETER HUB OF ACTIVITY

For the Victoria International Container Terminal (VICT) at Webb Dock in the Port of Melbourne, Australia, ICTSI made several important decisions that help make it one of the world's most sustainable ports.

Aside from being a catalyst for economic growth, VICT aims to be a good neighbor to its surrounding communities by limiting its operational impact on the local environment. Aside from introducing unparalleled operational efficiencies, the technologies behind the terminal's fully automated operations are designed to minimize the impact of light and noise on the surrounding community.

- **Lighting.** ICTSI chose a high-mast plasma lighting system. The innovative sustainable plasma lighting system features networked wireless lighting controls that help VICT simultaneously meet several crucial project goals: reduce energy consumption, reduce maintenance costs, provide the safest possible environment for workers, and, just as important, minimize obtrusive lighting for the surrounding communities. The design sets 350 high-efficiency plasma lights to illuminate a 350,000 square meter area on an as-is needs basis.
- **Noise wall.** Within the terminal's immediate vicinity are a lifesaving organization's headquarters, residential housing, a beach, and a recreational park and trail. This port-city location led the VICT team to design a noise wall, which minimizes the effect of terminal sounds on the neighboring communities. The height of the wall varies in some areas, which disguises the view of the terminal for the neighbors. Landscaping was also implemented in the walls' surrounding space to enhance the aesthetics of the area.



The plants and trees surrounding the noise wall create visually pleasing scenery that effectively blends the industrial facade of the terminal with its surrounding community.

Overarching principles

The question of impact—beneficial or harmful, short or long term, limited or far-ranging—is one that has faced ICTSI from the Company's inception. And from the start, ICTSI has upheld the value of the long view, and the commitment to do good, wherever it does well.

Having always put a premium on old-fashioned values of prudence, discipline, and stewardship, ICTSI is continuously translating these values into their contemporary equivalent, while working to sustain profitability accomplished with integrity, and to advocate quality of life within and beyond the organization.

- **GOOD GLOBAL CITIZENSHIP.** This encompasses relationships and commitments within the organization and beyond it. It is expressed as: nurturing harmonious relationships with shareholders and employees, customers and suppliers, host communities, government units and regulatory entities, and other stakeholders.

Within the organization, ICTSI upholds the diligent practice of Corporate Stewardship. Working outward, it actively promotes Development Partnerships.

- **CORPORATE STEWARDSHIP.** The Company values good corporate governance: principled and effective corporate stewardship of people, of corporate resources, and of the environment. ICTSI is committed to the transition from the simpler embedded-in-practice approach of corporate stewardship, to formal organizational codes of conduct and systems that can be applied across all strata of the organization and replicate globally across all operations.

- **DEVELOPMENT PARTNERSHIPS.** ICTSI embraces the call for the corporate sector to become increasingly active and on-ground partners in development, be it in communities or sectors. The Company actively pursues and promotes Development Partnerships with communities and sectors. In this light, three distinctives mark the Company's CSR work:
 1. Youth focus: a critical contribution holding next-generation implications.
 2. Context-based approach: empowering and equipping the youth within the context of their immediate environments, such as the communities they live in, how they learn, and how they play.
 3. Recognizing the impact of environmental issues on social development, ICTSI advocates environmental stewardship within the Company and in communities, while supporting disaster resiliency and response.

Complementary tracks for social impact

In support of government in its social development initiatives, and to contribute to the social development of immediate host communities where ICTSI operates, ICTSI maximizes multiple tracks:

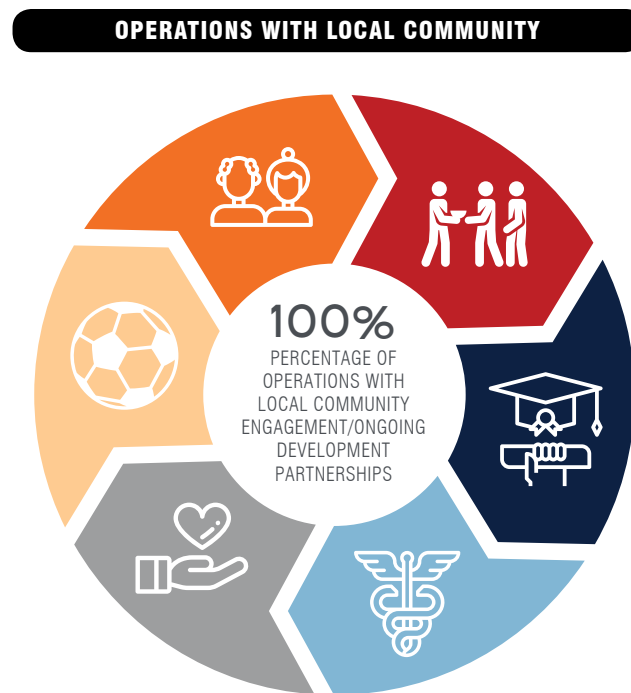
- Long-standing and continuing Group-wide community and sectoral development initiatives of the Head Office;
- Similar efforts, initiated at the level of individual Philippine and international subsidiaries;
- The official CSR arm of the ICTSI Group, the ICTSI Foundation, with its Sports Development, Education and Community Welfare program pillars; and
- The Sustainable Development Unit (SDU).

To help ensure effective work along these tracks, ICTSI employs the following:

- The ICTSI Group adopted a Manual on Corporate Governance in 2003. It regularly submits an annual edition of the same, along with an Annual Corporate Governance Report. Compliance monitoring and reporting mechanisms are in place across the Group. These include those that are being developed/fine-tuned/standardized under the Global HSSE Program.
- The ICTSI Foundation conducts stakeholder needs assessment, scoping, surveys and interviews, multi-stakeholder consultative dialogues, evaluation, and audit activities. There are Foundation programs and projects where the proponent/partner group (government agency or unit, NGO, People's Organizations, corporate foundations, and communities) provide the information, having undertaken the preparatory activities themselves. Monitoring, evaluation, audit and grievance mechanisms are also in place in the Foundation's program and project portfolio.
- For social development and community engagement work initiated at the level of individual Philippine and international subsidiaries, the ICTSI Foundation is ready to assist in designing, implementing, and evaluating such programs and projects.

- The Sustainable Development Unit (SDU). Beginning 2017, SDU undertook projects to benefit the MICT host communities. To determine the projects to be undertaken in the community, various program development tools were used such as stakeholder needs assessment, scoping, surveys and interviews, multi-stakeholder consultative dialogues. Among the more vital of these fact-finding efforts were SDU's quarterly meetings with the Parola Inter Agency Network or partner organizations to discuss project updates, issues and concerns, and identify possible solutions to the different challenges. Such activities provided opportunities to explore and identify new projects.

Immediate evaluations after projects were conducted. For instance, out of 73 malnourished children that participated in the feeding program, 54 completed it with improved nutritional status (equivalent to 74 percent of participating children). SDU will undertake impact assessments in the future on the various projects implemented.



Community & sectoral development initiatives

ICTSI has long been engaged in community work, in various capacities—proponent, implementer, funding agency, technical resource, and so on—and tapping different avenues, whether on its own or with the cooperation and partnership with government entities, Philippine Business for Social Progress (PBSP) and other NGOs.

ICTSI supported employee volunteers who took to the front lines to implement CSR activities, while also extending assistance to selected programs that were being carried out by ICTSI Foundation, along with its development partners. The Company also provided assistance in the CSR initiatives of different members of the ICTSI Group (at Head Office and operating subsidiaries levels).

Such programs and projects advocated the welfare of abandoned children, the elderly, and the youth in general; provided disaster relief and rehabilitation; promoted education, sports, environment, as well as health and community welfare. In 1992, ICTSI became a member company of PBSP, marking the start of the Group's corporate citizenship program, although prior to this, ICTSI responded directly to random requests for assistance to the marginalized sector.

By 2007, efforts to integrate social development work into the mainstream corporate culture of ICTSI were stepped up, with an eye towards fully institutionalizing such in the near term. The advocacy focus was further refined: disaster relief, education, health and the environment, community welfare, youth, and sports.

It is important to note that the work of volunteers from within the ICTSI Group/Head Office, along with partners' efforts, is crucial in sustaining gains already made.

The accomplishments of the ICTSI Foundation in its first five years include Education, Community Welfare, and Sports initiatives that benefited over 200,000 people in NCR, Luzon, Mindanao and other areas covered by its special projects. Yet all these were in fact accomplished even with only 12 organic staff, backed up by six part-time ICTSI corporate personnel. In community engagements and outreaches, the Foundation personnel are complemented by employee volunteers and groups such as the ICTSI Emergency Response Team, specifically during relief operations for victims of natural and man-caused-disasters.

In 2015, a major program further entrenched and expanded the role of volunteers, with the launch of the ICTSI Employee Volunteerism Program (IEVP), which reinforces the organizational culture of caring and at the same time upholding the vision of providing opportunities for the employees' work-life balance. It also systematizes and strengthens the ICTSI Group's long-running tradition of employee volunteerism; benefits ICTSI ports' host communities, which have always been the primary beneficiaries of the Company's CSR programs and projects; and, benefits other groups, sectors, and communities through IEVP outreaches.

Within the first year of the IEVP (by yearend 2016), over 200 employee-volunteers had invested their care, strength, time, and even resources in eight major outreaches and community engagements benefiting roughly 700 persons. These outreaches touched the lives of pediatric cancer patients, abandoned elderly, differently-abled adults, and at-risk children, to name a few. Just as important, several employee volunteers also combined their resources in a common commitment to support the inaugural batch of five IEVP scholars—a new addition to the ICTSI Foundation's scholarship portfolio.

The employee-volunteers are also committed to ongoing participation in the annual Brigada Eskwela school maintenance drive spearheaded by the DepEd. The respective subsidiaries' employee-volunteers are assigned to the partner public schools in the ports' host communities.



ICTSI EMPLOYEE VOLUNTEERISM PROGRAM: JANUARY-DECEMBER 2017

BENEFICIARY INSTITUTIONS	ICTSI IEVP TEAMS
Kantungan ni Maria, Antipolo	Global HR, Corporate – HSSE, GCAC, MICT-SD, Admin, Safety, Claims, Accounting (25)
Madre De Amor Hospice, Calamba, Laguna	Safety, Engineering, Global HR (8)
Bahay Aruga, Manila	Various departments (30)
Hands On Manila	Various departments (60)
Brigada Eskwela, Manila	Operations, Purchasing, Accounting, Anchorage, Safety, Treasury, General Ad Services, OP Resource (119)
International Coastal Cleanup at the Manila Bay	Various departments (150)

Ensuring next-generation impacts: ICTSI Foundation

ICTSI can ensure that its community and social engagements will become increasingly sustainable, in the same way that operations are envisioned to become, by making two strategic investments: one, in capability-building, and two, in the next generation, now.

There has emerged a greater emphasis on impact and relevance, and, equally important, the stronger push for equipping beneficiaries to take hold of and own social development projects, building capabilities for self-propelled, sustainable growth. The farther goal is to empower people to eventually become advocates and proponents of change.

The ICTSI Foundation was established in May 2009 with the vision to help create a society that supports and advances the growth potentials of the youth. The Foundation's programs and projects are designed to provide support mechanisms to young persons in its three Development Pillars: Education, Community Welfare, and Sports.

- **THRUST.** The Foundation adheres to three Development Pillars: Community Welfare, Education, and Sports. The program thrusts under the Community Welfare pillar are: Environmental Sustainability; Livelihood Assistance; Health, Safety, and Security; and other Community Outreaches. In terms of Education, the Foundation offers Scholarships, Facility Improvement and Educational Assistance, and Training and Capacity Building. The Sports programs provide grants to young athletes, including marginalized youth who show potential in golf, and children competing for special athletic events.
- **ROLES.** The Foundation is prepared to take on any of these roles to help ensure the success of development partnerships that are initiated or supported by the ICTSI Head Office, ICTSI subsidiaries, other organizations, or by communities or sectors: Proponent, Partner, Funding Institution, Technical Resource Provider, and Implementer.

ICTSI FOUNDATION SUPPORTS MANILA POLICE

As part of efforts to further enhance peace and order situation in communities where the Company operates, the ICTSI Foundation — the Group’s corporate social responsibility arm is working with governments to strengthen rule of law and reduce all forms of violence, and work with governments and communities to find lasting solutions to conflict and insecurity.



At the Manila flagship, the Foundation recently renovated a police precinct in support of the Manila Police’s peace-keeping efforts at Delpan, Tondo, Manila near the MICT South Access Road, hosting a large urban poor community. Photo shows Christian R. Gonzalez (third from left), ICTSI Senior Vice President and Head of Asia Pacific and MICT, and concurrent ICTSI Foundation President, leading the turnover ceremonies last June 2017.



- **ACCREDITATIONS AND PARTNERSHIPS.** The Foundation has been serving as an Auxiliary Resource Agency for the Philippines’ Department of Social Welfare and Development (DSWD) since 2012; is certified by the Philippine Council for NGO Certification (PCNC); is a long-standing and ongoing partner of PBSP; and, for the PSWMP, a partner of the DSWD, DENR, PBSP and Manila Barangays 20 and 275

The priority areas of the Foundation’s programs and projects are the host communities where ICTSI’s Philippine ports are located. (MICT being ICTSI’s flagship project, the port’s Tondo and Binondo host communities are particularly important, especially in the densely-populated, low-income areas of Parola and Isla Puting Bato.)

Through time, the radius of the covered area expands to include the other hinterlands of these ports. Special projects are also undertaken outside these priority areas in response to urgent requests from government and NGOs particularly on disaster-stricken areas, indigenous peoples and other members of the marginalized sector.

This is in line with the Company’s view of sustainability, especially in terms of ensuring positive impact of port operations, not only on a region’s economic life, but just as crucially, in terms of quality of life and community development. (Internationally, the Foundation offers assistance to ICTSI terminals/ports that are partnering with their respective host communities for CSR programs and projects.)

Following is an overview of the major accomplishments and ongoing commitments of the ICTSI Foundation. Selected examples given are the more recent ones (e.g., 2015-2017). A fuller discussion of all ICTSI Foundation programs, projects, and activities may be found in the ICTSI Foundation Accomplishment Report.

Education

Given the sheer amount of inputs required to ensure gains made in universal education shall be sustained, the Philippine government has been actively collaborating with the private sector, with the latter helping strategically fill in crucial resource gaps. In this context, since 2010, ICTSI Foundation has been working closely with DepEd Division-level offices in the following areas: Manila, Olongapo City, Bataan, Zambales, Bauan, Batangas, Calamba City, Misamis Oriental, General Santos City, Davao City, and Tagum City. Special projects have been implemented in Tacloban, Zamboanga, Sarangani Province, and Palawan.

The partnerships facilitate the delivery of services to the Partner Public Schools: major educational institutions in these cities and municipalities, serving fairly large numbers of school-age children and college-age adolescents from marginalized sectors.

1. Scholarships

- The Philippine Scholarship Program is for high school and college levels (with International and Local sub-programs for the latter). The partner institutions are state colleges and universities as well as public high schools located in the host communities of ICTSI’s Philippine ports.

In cooperation with Edukasyon.Ph, Adarna Foundation, PBSP and its employee volunteers, and through its Capacity-Building Unit, the Foundation has undertaken a number of mentoring sessions for both teachers and students encompassing topics like values and character formation, college life and choosing a career path, storytelling, stress management, environmental preservation and climate change, among others.

PUBLIC HIGH SCHOOLS	STATE COLLEGES AND UNIVERSITIES
Manila - Raja Soliman Science and Technology High School	Manila - Pamantasan ng Lungsod ng Maynila
Olongapo - Olongapo City National High School	Olongapo - Gordon College
Bauan - Bauan Technical High school	Batangas - Batangas State University
Misamis Oriental - Tagoloan National High School	Davao - University of Southeastern Philippines
Davao - F. Bangoy National High school	Davao - University of Mindanao
Tagum - Jose Tuazon Memorial National High School	Misamis Oriental - University of Science and Technology of Southern Philippines (Formerly MUST)
Gensan - Labangal National High School	

- Launched in 2014, the International Scholarship Program is co-managed with Northeastern University in Boston, Massachusetts. By 2017, the first two scholars, now on their 3rd year—Marlito Soriano Jr. (taking up International Business) and Charmille Coleen Dizon (taking up a double major in Physics and Geology)—had maintained their academic standing as Dean’s Listers and remained active in various campus activities. The third scholarship slot was opened in 2017; 200 students from the partner public schools applied. The new scholar was announced by yearend. The new scholar is undergoing extensive preparations for the start of classes in August 2018.
- IEVP Scholarship. The brainchild of employee-volunteers who are pooling their personal resources to support five disadvantaged children, adopting five scholars: children of on-call rank and file ICTSI employees who live in the MICT’s host Parola community.

ICTSI FOUNDATION NAMES NEW SCHOLAR

Senior high school student John Lenard Rivera from Jose Abad Santos High School in Binondo, Manila gets emotional with his mother Leonora, after being awarded the coveted ICTSI-Northeastern University Scholarship last October 2017. Prior to this, ICTSI in 2015 sent two pioneer scholars in Boston, Massachusetts for them to pursue the course of their choice, giving them access to quality higher education abroad.

Aside from these efforts, the Foundation has embarked on a local scholarship program for deserving but indigent students enrolled in basic education. Among the provisions include daily allowance, miscellaneous expenses, tuition fees, among others.



SCHOLARSHIPS

PHILIPPINE AND INTERNATIONAL SCHOLARSHIP ACCOMPLISHMENTS

For both local and overseas scholarship programs, two key quantitative metrics are especially relevant: (1) the number of scholars covered, which has been at its widest ever in the period in review, and (2) academic performance, which has been overwhelmingly positive for the period in review, as evidenced by many of the scholars' top-of-the-class/batch standings and honors. Following are highlights of other key developments noted within the period in review.

INTERNATIONAL SCHOLARSHIPS

Marlito Soriano's family is a beneficiary of the government's Conditional Cash Transfer Program and belongs to the Bla'an tribe in Gen. Santos City. He is studying International Business with concentration in Accountancy. Coleen, on the other hand, is taking up a combined major in Geology and Physics. They have delivered stellar performances as NEU freshmen:

- ❑ Both were in the Dean's List and joined the panel of students who shared their NU student experience with international visitors in July 2016.
- ❑ Coleen Dizon became a Peer Tutor, after having been chosen by her professors in Dynamic Earth, Chemistry, Writing; moreover, she is active in Northeastern's Center for Community Service as a member of the Husky Volunteer Team.
- ❑ Marlito Soriano became an Apprentice Leader for the International Group Investigating God; a Member of NU Barkada – Northeastern's Filipino Student Association; and, was chosen as Philippine flag bearer in 2015 and 2016 in the Annual President's Convocation, the welcoming activity for incoming freshmen.

Qualitatively, it was also crucial to see beyond their academic performance, and gain further evidence of their successful social adjustment (via feedback from the school community, especially professors), and smooth integration into and active engagement in campus and community life.

PHILIPPINE SCHOLARSHIPS

- ❑ By yearend 2015, the Foundation's After-school Learning Hub in Intramuros, Manila, was fully operational and providing scholars with free access to computers, internet connection, books, and other resource materials.
- ❑ By 2015, the ICTSI Philippine Scholarship Program at the college level was supporting 75 college students.
- ❑ A growing number of scholars posted top-level performances. For instance, college scholar JM Joper Dimalanta, third year Business Administration student, ranked four out of the 10 most outstanding HR students in the Philippines, while Pauline Daligid, third year History major at the Polytechnic University of the Philippines, ranked first among the third year students in the History Department.
- ❑ In addition, 24 out of 45 high school scholars were also among the top 20 academic performers in their respective schools. Julian Paul De Jesus (Raja Soliman Science and Technology High School in Tondo) and Jinky Quiapo (Labangal National High School in Gen. Santos City) both topped their respective schools.
- ❑ ICTSI also formalized partnerships with state universities, allowing for co-management of scholars including direct financial transactions for tuition and miscellaneous fees. The period also marked the Foundation's first year in solely handling the Philippine Scholarship Program for both secondary and college education. Now working in closer coordination with ICTSI subsidiaries, the Foundation looks to solidify its scholarship program by establishing stronger bonds between scholars and ICTSI staff.



ICTSI Foundation high school scholars participate in the "I Lead to Change" Leadership Summit, giving them opportunities to explore their role in fighting climate change and positively contribute to the society.

OUTSIDE THE CLASSROOM, AND INTO THE CULTURE OF CARING, SHARING AND LEADING

Beyond academic performance, it was just as vital that the local and overseas scholars were empowered with opportunities to internalize, apply, and replicate the culture of caring and sharing:

- ❑ The Philippine-based college scholars were empowered with the opportunity to make a difference in other youngsters' lives via the Foundation's Christmas Outreach Programs to partner-institutions in ICTSI host communities.
- ❑ These college scholars were also tasked with conducting Math and Science pre-examination week tutorial sessions for the Manila High School scholars.
- ❑ In Boston, in November 2016, the two pioneer international scholars Marlito and Coleen—now in their capacity as Global Student Mentors (GSMs)—were featured in Passport, NEU's brochure for incoming international freshmen. As GSMs, Marlito and Coleen help guide international students navigate NEU's academic and social lives. They offer social, academic, and educational support through pre-arrival communications, international orientation, peer mentoring, workshops, and other activities.
- ❑ In 2017, high school scholars were given the opportunity to participate in the "I Lead to Change" Leadership Summit, which tackled the youth's role in heralding positive change, fighting climate change, and how they can contribute to organizational growth.

In all these, the program is seen as clearly providing not only access/tuition and non-tuition (material) sponsorship, but also support mechanisms for ensuring good attendance, school performance, character and leadership development, and social integration and engagement of the young learners. Beyond helping ensure the scholars' highest possible readiness for local or overseas employment, or successful entrepreneurship, the ICTSI Foundation Scholarship Program is engendering solid values—the ICTSI culture of caring and sharing, the proactive mindset towards good and productive citizenship.

2. Facility Improvement/Educational Assistance

- a. **Brigada Eskwela.** Annually, employee-volunteers from the MICT and ICTSI Corporate HR help clean and paint facilities in ICTSI Foundation's partner schools in Manila, led by Rosaura Almario Elementary School Annex in Parola.
- b. **Project Assistance to Improve Daycare Education (Project AIDE).** Makes strategic contributions to strengthen barangay day care education—improving facilities, providing education and instructional materials, and supporting daycare workers' professional development. Launched in Manila in 2011, starting with eight daycare centers in Parola and two in Isla Puting Bato, Project AIDE also covers scholarships for these Manila day care workers' certification courses and training at GURO, Mirriam College. Since its inception, Project AIDE has provided assistance to over 60 day care centers in Manila, Bauan, Olongapo City, Misamis Oriental, and Davao City.

- c. **Technology and Livelihood Education (TLE) Program.** Since 2010, ICTSI (via the Foundation) has been running a TLE Assistance initiative, either through its own and through partnership with Philippine Business for Social Progress (PBSP). With the signing into law of the K + 12 Curriculum in 2013, the TLE Program was given new impetus and urgency.

It is a reality that in public high schools, a significant number of its students cannot afford to go to college after graduation. Thus, it is important that while in high school, the students should obtain adequate livelihood skills training under their TLE subject. While DepEd may have a good curriculum for TLE, the ideal number and type of equipment as well as laboratories needed could not be adequately provided. This limits what the students could absorb, in terms of theory and application, in the TLE modules. The Foundation aims to help public school students gain employable livelihood skills so that in the event that they could not go to college after graduation, they can join the workforce and be employed.

Towards this end, the Foundation scopes the needs of public schools in the ICTSI ports' host communities, in terms of TLE equipment and materials, where the Foundation could contribute. Under this TLE Assistance Project, the Foundation grants TLE Packages which include: donation of course-specific equipment, tools, and other materials; TLE Laboratory construction or renovation; and, human resource support such as additional training (e.g., upgrading of techniques, and updating on trends/technologies) for teachers' accreditation.

For the TLE, the following must be noted:

- TLE Packages consisting of Equipment Donations impact on student-to-equipment ratio, which directly affects the number of hours of training, or equipment familiarity.
- TLE Laboratory Construction or Renovation Packages are also crucial when considering the number of users affected, and the condition of facilities, pre-donation.

Most TLE teachers express difficulty teaching if the students are not able to see or touch an actual machine or equipment (say, a welding equipment) when teaching welding technology. In many cases, the school's available machines are very few and most non-working; thus, teachers are forced to hold classes on a "demonstration" basis, rather than the more ideal hands-on methods.



PROJECT AIDE

ONCE UPON A DAY CARE CENTER...



...Teachers scrambled to create stories and DIY-books from drawings and cut-outs, having no library full of books; used their personal money to craft visual aids; had to do without even a single desktop printer; and wished they could purchase educational toys for the children in their care.

To address this urgent need (which surfaced in the Foundation's scoping activity), the Foundation worked with LGUs handling these barangay daycare centers, with DSWD supervision. Project AIDE provided facility improvement, provision of educational and learning materials, and professional development of daycare teachers. Day care teachers in

Olongapo City were among the more recent recipients of Project AIDE Learning Packages.

According to Teacher Lizel Roaring of Sampaguita Day Care Center, they used to have a very difficult time crafting the materials themselves, improvising stories and books from drawings, cut-outs, and the like. "Pag hindi creative ang teacher, kawawa mga estudyante" (If the teacher isn't creative, the students suffer), relates Teacher Lizel. On the other hand, Teacher Nadja Baquiran from Purok 1A Day Care Center recalls how time-consuming it was for her and her colleagues to do their own research on how to make educational toys (especially the so-called "manipulatives" for building children's fine motor skills)—and then create the toys themselves from recycled materials.

Day care centers all over the Philippines undergo regular assessment by the DSWD for accreditation. For three years in a row, the City of Olongapo has ranked first in Region 3; all 54 city day care centers got high scores from DSWD's Bureau of Standards.

Mr. Gonzalo Pascua, City Social Welfare and Development Head, Olongapo City, emphasizes the importance of accreditation, adding that "We strive to maintain our rank, we're very competitive, especially in terms of quality." He credits Project AIDE Learning Packages with helping the City in securing its rank.

One unexpected chapter of this story is worth noting: Teacher Nadja observes that the children are learning the value of sharing the limited toys available, and have learned to "pack away" themselves after play time.

TLE IMPACT*

PUBLIC SCHOOL PARTNER AND BACKGROUND	TLE PACKAGE AND IMPACT
<ul style="list-style-type: none"> ■ Raja Soliman Science and Technology High School in Binondo district in Manila, where ICTSI's flagship port, the Manila International Container Terminal (MICT) is located. ■ The DepEd-recognized science high school is one of only two publicly-owned science high schools in the city and serves close to 4,000 students. 	<ul style="list-style-type: none"> ■ Equipment and tools in Civil Technology, Carpentry, and Wood Working. ■ The TLE Package is now available for the common use of 3,861 student-beneficiaries.
<ul style="list-style-type: none"> ■ Labangal National High School in General Santos City, which hosts the Makar Wharf. ■ LNHS previously could not offer the Commercial Cooking and Housekeeping Course. This posed a problem for the poor students from Brgy. Labangal because interested students would be forced to transfer to faraway public schools, entailing added costs; enroll in a private HEI (higher education institution), where tuition would be a barrier to entry (relative to the students' household incomes). 	<ul style="list-style-type: none"> ■ Renovation of existing home technology room (commercial cooking and housekeeping) and provision of tools and equipment. ■ Having the TLE laboratory (Housekeeping Facility/Mini-Hotel Project) located right within the school premises means the students do not have to transfer, stop studying, or to rent a place in order to gain required man-hours of hands-on practice. This saves them transportation costs, while also ensuring their safety. It also complements the needed facilities for TVL-Home Economics. ■ The 2015 TLE Packages initially benefited 310 learners.
Bauan Technical High School in Bauan, Batangas, host community to the Bauan Terminal.	<ul style="list-style-type: none"> ■ Equipment and tools in cookery. ■ An initial batch of 330 students benefited from opportunities for hands-on use.
Francisco Bangoy National High School in Davao City, which hosts the Sasa Wharf.	<ul style="list-style-type: none"> ■ Renovation of the existing beauty care laboratory, and provision of beauty care equipment and tools. ■ A total of 2,554 students benefited from the donation.

*From October 2015-September 2016

2017 TLE packages

BAUAN NATIONAL AGRICULTURAL VOCATIONAL HIGH SCHOOL, FOOD TRADES

469 STUDENTS

MANAMOC NATIONAL HIGH SCHOOL, HOUSEKEEPING, FOOD AND BEVERAGE

74 STUDENTS

- d. **My Reading Nook.** The literacy program benefits elementary students (Nursery to Grade 6) with renovated Reading Nooks, updated libraries, and additional materials. Apart from Manila, other ICTSI port cities are covered.
- e. **Alternative Learning System (ALS) support.** In ALS classes at F. Bangoy Central Elementary School in Brgy. Sasa, Davao City, 500 students are currently taking up Basic Literacy Course for accreditation and equivalency, as well as technical vocational courses on plumbing, or computer hardware servicing. Under the agreement, the Foundation shoulders the honorarium of instructors working at the ALS center and provides equipment essential to livelihood classes.

Moreover, with the instructors' competency, high school passers also increased from 45 learners to 69 passers. The learners logged a perfect (100%) passing rate for the school's TESDA NC2 takers in Electrical Installation & Building Maintenance, Computer Servicing System,

Plumbing and Welding; and, 88% passing rate for takers of the Elementary and Secondary National ALS Accreditation and Equivalency Test. The Foundation also provides for other equipment and material needs of said ALS classes.

- f. **Reading Ready.** Also launched in Manila as a reading proficiency program for school children.
- g. **Other projects** include: Assistance to SPED (under DepEd's Inclusive Education policy), School Improvements, and My Computer Nook.

In 2017, the TLE packages benefited 469 students taking up Food Trades in Bauan National Agricultural Vocational High School, and 74 students taking up Food and Beverage in Manamoc National High School.

BOOSTING BOTH SIDES OF THE ALTERNATIVE EDUCATION EQUATION



Not everyone has the means to attend, much less to complete, formal education.

The DepEd's Alternative Learning Systems (ALS) program was designed to help out-of-school-youth and adults to finish elementary and high school through an accreditation and equivalency test. It also covers livelihood trainings to enhance students' marketable skills.

For seven years now, ICTSI Foundation has been assisting the ALS Center located in F. Bangoy Elementary School in Brgy. Sasa, Davao City. Guards, household helpers, masseuses, bar workers are among those taking weekend classes. The classes are free but the fare is not; with limited funds, going to and from the school became one of the challenges. But what drove these graduates to carry on is the desire to complete their studies, have a diploma, and secure their families' future.

Self-improvement and the promise of better job opportunities also propelled these ALS graduates to press on.

"Mas madaming opportunities na makahanap ng mas maaayos na trabaho after ng ALS. Madami akong pwedeng pasukan, di katulad nang



wala ako sa ALS" (There are a lot more opportunities to find a decent job after ALS. There are plenty of jobs I can apply for, unlike when I didn't have ALS), says Roy Payagan, a high school ALS passer who now holds a National Certification II in Health Care Services provided by the Technical Education and Skills Development Authority (TESDA).

Ginalyn Narandan, 33, a mother of five, shares, "Pinupursigi ko sarili ko na makatapos para matulungan ko ang asawa ko na mapaaral anak namin" (I'm pushing myself to finish so I can help my husband send our kids to school). Narandan works in a salon.

The other side of the ALS education equation benefits the teachers themselves: ICTSI Foundation provides allowances and other resources that ALS instructors need for their ALS classes. ALS has also helped the volunteer-instructors advance in their careers, with DepEd absorbing the volunteer teachers as regular employees.

One of the volunteer instructors supported by the Foundation for four years is Mr. Leevan Cabatino, now a regular teacher at the F. Bangoy Central Elementary School, and recently appointed as the new ALS Coordinator of the ALS F. Bangoy District. Even with his promotion, he continues to teach at the ALS Center.

"Malaking tulong ang pag-volunteer sa ALS kasi iba ang turo sa formal and non-formal. Makita yung estudyante ko na makapasa sa kanilang annual exam, yun yung pinakamasayang bahagi nun" (Volunteering for the ALS is a big help because formal instruction is different from the non-formal. Seeing my students pass their annual exam, that's the happiest part of it all), says Mr. Cabatino.

The ALS Training Program in Bangoy District is the only ALS Center in the whole of Davao City that offers technical-vocational (tech-voc) courses: electrical, computer system servicing, welding, beauty culture, and hair styling. The district's ALS Center has become a benchmark for other such centers.

3. Training and Capacity Building

- Project TEACH. Capacity-building initiatives that serve both teachers and learners include: Information and Communications Technologies (ICT) training, Character Formation and Classroom Management seminars, and Music and Movement training (for day care); and environmental education through the "Sustainable Development Through Environmental Protection and Management" seminar series. In Manila, primary beneficiaries are Rosauro Almario Elementary School and Raja Soliman Science and Technology High School.
- Environmental Sustainability and Climate Change lectures. In 2015, as part of its multi-stakeholder engagement for environmental advocacies, ICTSI Foundation launched its series of seminars on "Sustainable Development Through Environmental Protection and Management." Over 700 Metro Manila students participated in the breakthrough series that tackled RA 9003 (Philippine Ecological Solid Waste Management Act of 2000), climate change, and the Supreme Court's Writ of Continuing Mandamus—directing all concerned to ensure at all times the cleanup of Manila Bay—and Sustainable Development.



PROJECT TEACH

TEACHING, REBOOTED

Teachers see today's generation of students as being more critical and straightforward. Educators also see a gap between how they themselves had been taught, and how they should now teach their students. This makes it more necessary for teachers to fine-tune their methods, while still emphasizing the fundamentals of character education.

In the last two years, ICTSI Foundation has been running Project TEACH (Teacher Empowerment and Capacity Honing), which addresses this gap by offering a seminar on classroom management and character formation. The 2016 run benefited 205 teachers.

In its 2017 run, Project TEACH offered "Better Teaching through Strong Character Formation," in partnership with a certified expert on character education. The program benefited 506 teachers from the following school-recipients:

- Rosauro Almario Elementary School (CEP)
- Raja Soliman Science and Technology High School
- Bauan Technical High School Teachers (CEP)
- Labangal Elementary School, GenSan Teachers (CEP)
- Labangal National High School, GenSan Teachers (CEP)
- P. Kindat Elementary School, GenSan Teachers (CEP)
- Saludin Anas Elementary School, GenSan Teachers (CEP)
- Jose Tuazon Jr. Memorial National High School, Tagum Teachers (CEP)
- Madaum Elementary School, Tagum Teachers (CEP)
- DSWD Daycare Teachers at Olongapo City - Storytelling Workshop
- Olongapo City National High School, Olongapo Teachers (CEP)
- F. Bangoy National High School, Davao Teachers (CEP)

"The teacher should be a model to the students. For example, being punctual: I come in early and practice punctuality. I also say please and thank you a lot to show appreciation for their good outputs."

Jesson Lechido
Senior High School Teacher

Besides providing more effective teaching techniques, Project TEACH also aims to provide public school teachers a necessary "shot in the arm": encouraging and reminding them of their significant and noble role in helping families and society shape the next generation, as productive and responsible students grow to become citizens actively engaged in nation-building.

ICTSI Foundation conducted this training in all its partner public schools in its areas of operations. It is worth noting that in Jose Tuason Memorial National High School in Tagum City, 100% of the teachers attended the seminar—and were all grateful they did so.

As a Filipino Subject teacher, Melanie Labrico put it: "Mas lumawak ang understanding ko, ang patience ko sa bata especially because of the fact na iba-iba ang backgrounds nila, social, financial, family. Mas nagbibigay ako ng extra effort lalo na dun sa mas makukulit na bata" (I gained more understanding and patience towards the children, especially because of the fact that they come from different social, financial, and family backgrounds. I learned to exert more effort particularly for the more challenging children.)

"I used to give the rules and regulations inside the classroom. After the seminar, I learned that it is better if the students themselves make the classroom rules...If they make the rules, they will be forced to follow...For example, in the morning, if the class gets noisy or dirty, I just point to the board rules which the students had made. The student's attitudes also changed as I changed mine. I used to get upset when students would be unable to answer—or I'd say, "isn't there any other answer?'. Now, when they answer, I say thank you and encourage them to give other examples. There are now less absences, less cutting classes. The class' interest level is definitely evident."

Ms. Judith Quinones
Master Teacher, English

Community Welfare

1. Environmental Sustainability

- Parola Solid Waste Management Program (PSWMP). The award-winning program that addressed “A problem so huge, it weighs 10 tons” is now in its Phase 2. The multi-dimensional program also included a strong Livelihood Assistance component (See story on Page 47.)

2. Livelihood Assistance

- Under PSWMP, several forms of Livelihood Assistance are provided.
 - Development of the Waste Technologies Livelihood Manual
 - Business Orientation Seminar for EcoPatrol volunteers
- Other projects include:
 - Livelihood assistance is provided to families of MICT employees residing in Parola, through a TESDA-accredited training program spearheaded by the MICT’s Sustainability and Development Unit (SDU), partnership with other organizations such as the Ang-Hortaleza Foundation, Inc.
 - The MICT SDU spearheaded an interagency forum for government, NGOs, and POs, operating in Parola and Isla Puting Bato. The forum aimed to address limited employment opportunities for women, shortage of skilled manpower, and the challenges of raising capital for start-ups.
 - The SDU and the Parola interagency network organized a livelihood workshop on meat processing. The DSWD Sustainable Livelihood Program held a three-day training as well on microentrepreneurial values and skills. Qualified participants were provided with P5,000 starting capital.
 - Scholarship grants for selected TESDA courses were offered to 10 dependents nominated by security guards and janitors deployed in ICTSI.

3. Health, Safety, and Security

- Participation in the Safe Motherhood Caravans, in partnership with the Manila City government, Manila Doctors Hospital, and PBSP
- Lusog Dunong, launched in Manila—a supplemental feeding program for children, with a capability-building component for mothers (Note: This was done in 2010-2013, and replaced by PSWMP in Aug 2013)
- Gamutan sa Pantalan (Medical and Dental Missions) in ICTSI port communities
- ICTSI-led inter-agency collaboration on Operation Timbang, related to the “Batang Isla, Batang Sigla” community-based feeding program
- Renovation of the Delpan Community Precinct, in partnership with the Manila Police District.

4. Community Outreach. For port communities, the Handog Salu-Salo at Regalo sa Pasko annual traditions spread cheer, goodwill, and practical help to beneficiaries in Manila, Olongapo City, Bauan, Misamis Oriental, General Santos, and Davao. Another annual tradition, the Christmas Wish Tree Program, benefited these institutions in 2017: Asociacion De Damas, White Cross Children’s Home, Onesimo Bulilit Foundation, Pangarap Foundation, Concordia Children’s Services, and the Parola Day Care Centers.

Sports

- In tandem with ICTSI Head Office/Corporate Philanthropy:
- ICTSI Golf Program - long-running support for the junior, amateur, and professional ranks yielded a bumper crop of achievers, led by Miguel Tabuena, the phenomenal product of long-term training and mentoring in ICTSI-supported golf programs. Tabuena made local sports history by becoming the Philippines’ first-ever Golf Olympian.
 - Support for the Manila Chapter of Little League Philippines
 - Provided exposure opportunities for ICTSI Amateur Lady Golfers
 - Management of the amateur golf program



INVESTING IN CAPABILITY BUILDING

What ensures that ICTSI’s community engagements are sustainable? One key driver: investing in capability-building and investing in the next generation, now.

This is best reflected in how the Parola Solid Waste Management Program (PSWMP), now on its second phase, has effected a crucial transition. Having developed newer mindsets, valuable experience, and personal confidence through their participation in PSWMP Phase 1, the Partner-beneficiaries—the EcoPatrol Volunteers who form the core of community leaders and influencers—began taking frontline roles in Phase 2.

PSWMP offered a slew of learning opportunities: orientations, workshops, team building, study tours, and more.

Back home, the EcoPatrols shared Ecological Solid Waste Management values and concepts to their families and neighbors. On duty in their respective neighborhood circles, the EcoPatrols reminded, cleaned, encouraged. As PSWMP expanded to cover another community, EcoPatrols identified the new volunteers. All together, they initiated projects: gardening for livelihood and food, recycling, upcycling.

ICTSI-LED INTERAGENCY COLLABORATION ACTIVATES OPERATION TIMBANG



The Parola interagency collaboration, an initiative led by International Container Terminal Services, Inc. (ICTSI) in partnership with the Center for Community Transformation, Parola Health Care Center, and the Department of Social Welfare and Development - National Capital Region (DSWD-NCR), has conducted on 20 March and 6 April Operation Timbang as part of the “Batang Isla, Batang Sigla” community-based feeding program.



The activity reached out to 237 children aged three to five. The purpose was to obtain the children’s body mass indices (BMI) and determine if they are underweight. The data gathered were used to identify the beneficiaries of the 120-day feeding program in the community, to be held from May to October. The program is also aimed at increasing food security and improving the nutritional health outcome of the children in the community.



Expanding the vision: from disaster response to disaster resiliency

One area under Community Welfare is Disaster Response. With the evident increase in both the number and intensity of natural disasters, particularly those relating to climate change, ICTSI, MICT, and the ICTSI Foundation have been undertaking more extensive Disaster Response initiatives. More recently, there has been an opportunity to support private sector-led national initiatives such as Philippine Disaster Resiliency Foundation (PDRF).

Just as important, the Foundation moved from disaster response to a proactive initiative that focuses on developing resilience to disasters: starting in 2016, ICTSI, through the Foundation, became involved in PDRF, the single largest private sector vehicle and coordinator for disaster preparedness and management. ICTSI made a one-time grant of Php10 million, earmarked for the establishment of the Emergency Operations Center in Clark Freeport, and also committed to a three-year subscription at Php2 million per year for the operation of the Disaster Information Management System.

The EOC project is meant to improve disaster preparedness and resiliency of all sectors through an effective system for collaboration between the government, the PDRF, private corporations and humanitarian groups both local and global.

From 2013-2015, ICTSI had been extensively involved in the Typhoon Haiyan/Yolanda Relief and Rehabilitation. ICTSI helped with relief and disaster response at ground zero, and in two of the key ports involved, as well as post-disaster rehabilitation. In Manila, MICT became the receiving and processing hub for the humanitarian relief goods, under the auspices of the ICTSI Foundation as DSWD Auxiliary Resource Partner.

In Tacloban City, ICTSI and MICT repaired the port infrastructure, brought in mission-critical personnel and equipment, in coordination with the Department of Transportation and Communication and the Philippine Ports Authority. A team of 25 ICTSI employees went to work in the docks, under a special agreement with the PPA, where ICTSI would run the port for free until the formal close of government’s relief operations, and the restoration of the normal transportation network.

The Company also deployed cargo handling equipment valued at over Php200 million (including forklifts, chassis, and tractors from the MICT, and a brand new mobile harbor crane from the Mindanao operations). ICTSI also tapped stakeholders in its value chain—barge operators, construction companies, and local shipping lines—to help transport equipment, fuel and other logistical services necessary to operate the Port of Tacloban. Some ICTSI foreign subsidiaries and employees also contributed in providing relief goods to the Typhoon Haiyan victims and survivors. The ICTSI Foundation held a children's party for 3,500 families, distributing party food and Noche Buena packages and stuffed toys.

For Leyte, the Foundation also provided assistance to certain institutions. These initiatives included: donation of microscopes for Philippine Science National High School in Palo, Leyte; donation of sewing machines for the Regional Haven for Women; and, renovation and provision of educational materials to five day care centers in Balangiga, Southern Leyte.

In 2017, ICTSI, MICT, and ICTSI Foundation sponsored various Disaster Risk Reduction oriented activities, involving the Parola community residents, in partnership with MMDA.

Compliance with laws and regulation in the social and economic area

For the ICTSI Group, there were no significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in 2017, nor were there cases brought through dispute resolution mechanisms.

Supporting the development of indigenous communities

In both the Philippine and the international operations, there are port projects involving indigenous people (IP) groups residing in the host communities.

Part of the global agenda for sustainable development is ensuring the protection of IP rights.

For ICTSI, in the Philippine operations, as well as in the rest of the port projects, there were no identified incidents of violations involving the rights of indigenous peoples for 2017.



ICTSI Foundation, Inc. and the Philippine Business for Social Progress (PBSP) have joined forces for the construction of a new school building for the Calay Indigenous Peoples School in Sitio Puting Bato, Barangay Lunmasia, Malapatan town, Sarangani Province — one of the hinterland communities at ICTSI's Makar Wharf terminal in General Santos City, Philippines.

Sitio Puting Bato is the community of the B'laan tribe where Marlito Soriano, ICTSI international scholar at Northeastern University in Boston, came from.



PUBLIC-PRIVATE-PEOPLE: NEW PARTNERSHIPS FOR DEVELOPMENT

Impacted landowner community groups in Papua New Guinea have signed landmark agreements with ICTSI, through subsidiaries South Pacific International Container Terminal Ltd. (SPICTL) and Motukea International Terminal Ltd. (MITL), and the ICTSI Foundation, to establish a collaborative framework needed for the joint port projects.

Impacted landowner community groups in Papua New Guinea have signed landmark agreements with ICTSI, through subsidiaries South Pacific International Container Terminal Ltd. (SPICTL) and Motukea International Terminal Ltd. (MITL), and the ICTSI Foundation, to establish a collaborative framework needed for the joint port projects. Each Memorandum of Agreement for Lae and Motukea upholds the Subscription and Shareholders Agreement (SSA) included in the Terminal Operating Agreement (TOA) with the PNG Ports Corp. Ltd. These agreements aim to establish a collaborative framework in support of ICTSI's port project in Lae and Motukea.

In terms of labor, ICTSI South Pacific terminals will source its workforce from the host communities in Lae and Motukea. On equal footing with the business side of the agreement, ICTSI will also undertake meaningful CSR efforts for the benefit of these host communities.

The ICTSI Foundation will work closely with the AHI Hope Foundation, the Honorable John Rosso, Member of Parliament for Lae Open Electorate, and other relevant community leaders in implementing community service projects on law and order, health, waste management and education.

This is similar to ICTSI's earlier work in Aguadulce, Colombia.

Colombia's largest and busiest seaport is the Port of Buenaventura, where ICTSI's Aguadulce Multi-user Container Terminal resides. Construction began in 2008, the same year Sociedad Puerto Industrial del Aguadulce S.A. (SPIA) started coordinating with its host communities. In 2012, SPIA officially established the Puerto Aguadulce Foundation, its CSR arm, to assist host communities, particularly indigenous peoples. It serves the community councils of Cuenca Baja del Rio Calima, Caucana, Gamboa, Citronella, La Brea and Cordoba-San Cipriano. Families have benefited from housing, health, income generation and other projects.

The Foundation (aided by the ICTSI Foundation) turned over 123 brand-new three-bedroom housing units to La Brea and Baja Calima families affected by the construction of a 21-kilometer access road to and from the terminal.

PNG STAKEHOLDER COMMUNITIES INK AGREEMENT WITH ICTSI

Community groups in Papua New Guinea have signed landmark agreements with International Container Terminal Services, Inc. (ICTSI), through subsidiaries South Pacific International Container Terminal Ltd. (SPICTL) and Motukea International Terminal Ltd. (MITL), and the ICTSI Foundation, to establish a collaborative framework needed for the joint port projects.

In terms of labor, ICTSI South Pacific terminals will source its workforce from communities in Motukea and Lae.

On equal footing with the business side of the agreement, ICTSI will also undertake meaningful CSR efforts for the benefit of these host communities.

The ICTSI Foundation will work closely with the AHI Hope Foundation, and other community leaders in implementing community service projects on law and order, health, waste management and education.



Motukea's impacted communities and ICTSI South Pacific signed landmark undertaking last November 2017.



ICTSI AND PBSP, WITH A FRESH SHARED MANDATE



(From left): Filipina C. Laurena, Foundation Deputy Executive Director; Narlene A. Soriano, Foundation Executive Director and ICTSI Head of Public Relations; Reynaldo Antonio D. Laguda, PBSP Executive Director; and Riza M. Horcasitas-Verano, PBSP Portfolio Manager for Education.

The ICTSI Foundation, Inc., the CSR arm of ICTSI recently renewed its partnership with the Philippine Business for Social Progress, the largest business sector-led social development foundation in the country. The Foundation and PBSP signed agreements involving four CSR projects, amounting to PHP13.5 million. The new agreements further strengthened the ICTSI Group's commitment as a corporate citizen of the country through the Foundation's support of PBSP programs and projects.

Of note are projects supporting indigenous peoples' education and the Philippine government's campaign against illegal drugs. These projects were chosen as they are aligned with the Foundation's core advocacy: the youth. The projects are construction of a school building at the Calay Indigenous Peoples (IP) School in Sarangani; continued implementation of the PSWMP in Manila; and the installation of a potable water system in an IP community in Tarlac. The locations of the projects are the immediate and hinterland communities of ICTSI terminals in the ports of Gen. Santos, Subic Bay and Manila. All projects were completed by yearend 2017.

- ▣ **School building at the Calay IP School.** In coordination with the DepEd, a new school building will be constructed for the Calay Indigenous Peoples School in Sitio Puting Bato, Barangay Lunmasia, Malapatan town, Sarangani Province. Sitio Puting Bato is the community of the B'laan tribe where Marlito Soriano, ICTSI international scholar at NEU in Boston, came from. The building will have two classrooms and two restrooms with a capacity to accommodate 90 primary and elementary school students. The Foundation will also provide tables, chairs, cabinets and other school furniture.
- ▣ **Potable water system in Sitio Batchon IP community.** In coordination with the Clark Development Corp. and the Municipal Government of Bamban, Tarlac, some 65 IP families of the Aeta tribe will benefit from the installation of a potable water system in Sitio Batchon, Barangay Santo Nino, Bamban town, Tarlac. The Sitio Batchon project is an extension of an existing water system project in nearby Barangay San Martin, where 350 households are also awaiting its completion. The project includes rehabilitation of deep wells and the installation of tap stands for water distribution. Plans are underway to form a community organization that will manage the water system project. Aside from the funding provided by the Foundation, ICTSI clients in Manila significantly donated to the project.

ICTSI SUSTAINABILITY REPORT

APPENDICES

APPENDICES

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306-2 Waste by type and disposal method 306-3 Significant spills 306-4 Transport of hazardous waste	Strategy & Performance – Environment (pages 48 and 52)
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GRI 103: Management Approach 2016	
103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Strategy & Performance – Governance (pages 36-41) Strategy & Performance – Environment (page 52) Strategy & Performance – Improving Society (page 102)
GRI 307: Environmental Compliance 2016	
307-1 Non-compliance with environmental laws and regulations	Strategy & Performance – Environment (page 52)
GRI 419: Socio Economic Compliance 2016	
419-1 Non-compliance with laws and regulations in the social and economic area	Strategy & Performance – Improving Society (page 102)
Job Creation	
GRI 103: Management Approach 2016	
103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Strategy & Performance – People (pages 56-64)
GRI 401: Employment 2016	
401-1 New employee hires and employee turnover	Strategy & Performance – People (pages 59-60)
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Strategy & Performance – People (page 64)
Training and Career Development	
GRI 103: Management Approach 2016	
103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Strategy & Performance – People (page 72-73)

GRI 404: Training and Education 2016	
404-1 Average hours of training per year per employee	Strategy & Performance – People (page 73)
Inclusion, Diversity and Engagement	
GRI 103: Management Approach 2016	
103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Strategy & Performance – People (pages 56-58, 62) Strategy & Performance – Improving Society (page 102)
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees	Strategy & Performance – People (page 63)
GRI 407: Freedom of Association and Collective Bargaining 2016	
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Strategy & Performance – People (pages 57-58)
GRI 411: Rights of Indigenous Peoples 2016	
411-1 Incidents of violations involving rights of indigenous peoples	Strategy & Performance – Improving Society (page 102)
Health and Safety	
GRI 103: Management Approach 2016	
103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Strategy & Performance – People (pages 65-71)
GRI 403: Occupational Health and Safety 2016	
403-1 Workers representation in formal joint management-worker health and safety committees	Strategy & Performance – People (pages 68-69)
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Strategy & Performance – People (page 70)
403-4 Health and safety topics covered in formal agreements with trade unions	Strategy & Performance – People (pages 68-69)
Local Communities	
GRI 103: Management Approach 2016	
103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Strategy & Performance – Improving Society (pages 86-104)
GRI 413: Local Communities 2016	
413-1 Operations with local community engagement, impact assessments, and development program	Strategy & Performance – Improving Society (page 90)
Data Privacy and Security	
GRI 103: Management Approach 2016	
103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Strategy & Performance – Serving Customers (pages 77-82)
GRI 418: Customer Privacy 2016	

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Serving Customers (pages 77-82) There have been no substantiated complaints concerning breaches of customer privacy and loss of customer data during the reporting period
Customer Satisfaction	
GRI 103: Management Approach 2016	
103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Strategy & Performance – Serving Customers (pages 76-83)
Stakeholder Engagement	
102-43 Approach to stakeholder engagement 102-44 Key topics and concerns raised	About this Report (pages 22-24) Strategy & Performance – Serving Customers (pages 76-81)

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